

David Thompson, Chair

Jackie Young, Director of Education

The **June 23, 2016 Budget Meeting** of the Near North District School Board was held in **Public Session** at 5:00 p.m. at the Head Office of the Near North District School Board, 963 Airport Road, North Bay, ON

Trustees Present:

David Thompson, Chairperson
Michelina Beam
Alan Bottomley
Harold Fry
Paul Moffat
Louise Sargent

Absent with Regrets

Jackie Young, Director of Education
Jeffrey Hewitt, Superintendent of Support Services
Craig Myles, Superintendent of Student Success

Staff Present:

Lianne Bettiol, Executive Assistant
Roslyn Bowness, Superintendent of Schools
Amanda Meighan, Executive Officer
Liz Therrien, Superintendent of Business

Video (Parry Sound)

James Beatty, Vice-Chair
Timothy Graves, Superintendent of Schools
Corine Green, Trustee
Carol Stevens, Trustee

Public (North Bay)

Jennifer Hamilton-McCharles, The Nugget

1.0 OPENING – PUBLIC SESSION

1.1 Welcome and Call to Order

Chair David Thompson called the meeting to order at 5:05 p.m.

1.2 Attendance

Nine (9) trustees were present for the June 23, 2016 public meeting.

1.3 Adoption of Agenda

2016-06-01 *Moved by Michelina Beam, Seconded by Louise Sargent,
THAT the Budget Committee approve the Agenda as presented for the Public Budget
Meeting of June 23, 2016.*

CARRIED

1.4 Declaration of Conflict of Interest

No declaration of interest declared.

1.0 OPENING – PUBLIC SESSION (Continued)

1.5 Adoption of the Minutes of Proceeding from Previous Budget Meeting

2016-06-02 *Moved by Alan Bottomley, seconded by Michelina Beam,
THAT the Budget Committee approve the minutes of the Public Budget Meetings
as presented from the meeting held on June 15, 2015*

CARRIED

2.0 ITEMS FOR DISCUSSION AND/OR ACTION

2.1 2016-2017 Budget (Refer to website for descriptive details):

<http://www.nearnorthschools.ca/Budget%20Meetings/Public%20Budget%20Committee%20Meeting%20-%20June%202016.pdf>

Chair David Thompson deferred to Liz Therrien, Superintendent of Business to present the proposed 2016/2017 budget:

- The purpose of the presentation is to present an overview of 2016/2017 budget challenges in achieving a balanced budget.
- With the Board of Trustees' approval, on behalf of Senior Administration, as Superintendent of Business will be presenting a planned, compliant in-year deficit in the amount of approximately \$922,000 to be supported by a drawdown of the Board's Accumulated Surplus, subject to nominal adjustments upon filing the Board's Budget/Estimates with the Ministry of Education in EFIS. With the permission of the Board of Trustees would like to adopt a deficit budget which will be funded out of Accumulated Surplus accessing the prior year's surplus of 2014/2015 in the amount \$568,125 plus an additional \$354,862 of Accumulated Surplus. The Ministry of Education permits school boards to be in a deficit position as long as we are within 1% of Operational Allocations and supported by Accumulated Surplus. Once the Budget is filed with the Ministry of Education, final figures as filed will be provided to the Board of Trustees by Superintendent Therrien. Funding a planned compliant deficit however is not a sustainable practice. There will be the need to develop a Recovery Plan to recover the deficit in either upcoming year or with the 2017/2018 Budget. The 1% level to achieve compliance is per annum per Grants for Student Needs.
- Past and present operational and staffing reductions were presented to illustrate the work that has been completed over the past couple of years as well as the current budget in striving for a balanced budget. Great success was achieved in balancing the budget for 2015/2016 given it was year one of three year reform with regard to financial reforms incenting boards to address their excess capacity. These financial reforms represented approximately \$700,000 in lost top-up funding that the Board was able to offset through reductions. Actual 2014/2015 year end results reported an overall surplus in the amount of \$568,125 which was primarily attributable to the level of external grants received as well as labour sanctions.

2.0 ITEMS FOR DISCUSSION AND/OR ACTION (CONTINUED)

2.1 2016-2017 Budget (Continued)

- Present financial challenges are due to two (2) driving forces: (1) - Implementation of Labour Framework; and (2) Entering Year 2 of 3 year Financial Reforms. Five (5) factors have resulted in a loss of funding that amount to approximately \$1,409,106 which include lost top-ups, increase in Board benefit contributions as a result of Provincial Benefit Trusts, reinstatement of prior year anticipated SEB plan savings, need to increase sick leave budgets and lost top-up at Parry Sound High School.
- Trustee Harold Fry questioned where net proceeds go when we dispose of properties that are declared surplus. As per Superintendent Therrien, we are not permitted to offset deficit utilizing revenues from surplus properties. Surplus funds from sale of surplus properties are to be held in Proceeds of Disposition Deferred Revenue accounts and are to be allocated toward capital expenditures.
- It is anticipated when the Board consolidates schools and facilities there will be some economies of scale realized that will decrease and optimize teaching, custodial and secretarial staffing levels as well as reduce facility expenditures.
- Trustee Michelina Bean commented that throughout the school year, if we determine there are savings, these amounts will be transferred to the planned deficit. Administration monitors areas of savings closely. As per Superintendent Therrien, historically, the Board has not had unexpected expenditures. One area that is difficult to monitor in regard to unexpected expenditures is the area of litigation. It is usual practice that if such unexpected expenditures arise that cannot be covered off within current year budget; such expenditures would be taken out of Accumulated Surplus, with the approval of the Board of Trustees.
- Trustee Michelina Beam questioned the Plant budget, especially repairs to our facilities and if this has been budgeted for? As per Liz Therrien, we have accounted for such expenditures in either operational repairs and maintenance accounts within the plant budget or within School Renewal and/or School Condition Improvement capital projects listings.
- Challenges: With the implementation of new Labour Framework and Collective Agreements across the Province, increases to Board contributions for benefits for Provincial Benefit Trusts needed to be budgeted as well as enhanced SEB plan costs and the now inability to decrease staffing within certain collective agreements due to job security language.
- There are three (3) employee groups whose annual average sick leave exceeds the Provincial average.
- We will re-implement and revitalize the Board's Attendance Management Program with support of the Board's Audit Committee and working closely with Human Resources.
- Although Program budgets were reduced two (2) years ago, it is important to note that there are nominal program dollars and inability to reduce any further without consequences on program as there is the need for the Board to continue to support literacy, student achievement, well-being in light of new Math Strategy. Our Board still relies heavily on external funding for program positions and delivery of program.
- Administration is dedicated to reviewing existing monies for the purpose of re-purposing to serve its commitment to the Multi-Year Plan and student achievement.

2.0 ITEMS FOR DISCUSSION AND/OR ACTION (CONTINUED)

2.1 2016-2017 Budget (Continued)

- In the Fall of 2016 it will become important to determine how to increase revenues, how to increase enrolment, increase tuition paying students as a revenue source, increase continuing education as a revenue source, review Community Use and Lease/Rental Agreements, partnerships.
- 2014/2015 Reductions: Operational and staffing reductions of \$2,412,325.
- 2015/2016 operational and staffing reductions of \$2,020,575 to achieve a balanced budget
- 2016/2017 operational and staffing reductions to date amount to approximately \$1,266,715. Planned reductions include the following: (1) Elimination of Design & Tech Elementary teaching allocation; (2) Non-renewal of Me to We personnel contract; (3) Termination or renegotiation of Me to We systemic contract; (4) Deferral of request for system principal for New Pedagogies for Deeper Learning and Secondary System Vice-Principal for programming purposes; (5) Elimination of support for DARE program; (6) Reductions to custodial, secretarial and technician staffing levels; (7) Reduction of operating budgets for Coordinators and System Vice-Principals; (8) Reduction in electricity budget; (9) Deferral of new vehicle for Facilities Fleet.
- Additional revenues identified with coterminous School Board Assessment Revenues, retirement gratuity liability and utilization of CODE Technology and Learning Fund external funding to cover Tech for Classroom and/or Tech for Teachers which was currently submitted within the IT budget. Due to consolidation of schools and sale of school in Parry Sound, it is anticipated to realize savings of approximately \$100,000 for electricity.
- Chair David Thompson questioned reason why we eliminated support for DARE Program. It was communicated that discussions had been held between the Director of Education and Chief of Police to propose elimination of support due to budget constraints.
- To maintain current levels of sick leave replacement budgets, will need to revitalize, communicate and have Trustee support of the Board's current Attendance Management Program and continue to review data. The Human Resource department will undertake appropriate communication to the system of the Attendance Management Program.
- 2016/2017 enrolment: For the first time in a while it appears that the anticipated decline in enrolment is not as significant as it has been in the past. Enrolment projections are expecting an overall slight decline in enrolment of approximately 80 students in total; (12 at the elementary panel and 68 at the secondary panel). Although the last eight (8) years has seen a decline in enrolment, it now appears that the Board's enrolment is beginning to stabilize. It is the belief that this stabilization in enrolment is due to the projected enrolment at the JK and SK grades due to the full implementation of JK and SK. The Ministry previously funded these students as part-time but with the full implementation of JK and SK, these grade levels are now funded for full-time status.

2.0 ITEMS FOR DISCUSSION AND/OR ACTION (CONTINUED)

2.1 2016-2017 Budget (Continued)

- There is not a lot of discretion in the Board's Annual Operational Budget. A comparison chart was provided and presented detailing 2015/2016 estimated expenditures; 2015/2016 Revised Estimates expenditures and planned 2016/2017 expenditures. Given that approximately 75% of the Board's expenditures are related to staffing salaries and benefits, additional information was provided by each expenditure category to illustrate of each planned expenditure category the level of the total expenditure that is attributable to staffing costs.
- Further supplementary notes were provided and presented to the Trustees to provide additional information pertaining to each expenditure category being presented.
- Historically the Board has received approximately 50-60 externally funded grants. For budgetary purposes the Budget includes only those externally funded grants that have been confirmed as to be received at time of budget preparation.
- There is a planned decrease in principals due to school consolidations.
- The Board receives Ministry funding within GSN Grants to cover the costs of two (2) supervisory officer positions which include Student Success Lead and School Effectiveness Lead. For budgetary purposes these positions are originally costed to Director/Supervisory Officer line and later adjusted to be reallocated to Coordinator line to align with Ministry funding. Included in Director/Supervisory Officer line is another position representing a secondment to the Ministry of Education as well as Executive Officer who has oversight of Early Years program where offsetting revenue is included in Ministry Secondments and Externally Funded revenue.
- Trustee Jim Beatty questioned if amount in column, % Attributed to Salaries & Benefits is the same year after year. Per Superintendent Therrien, the percentage attributed to salaries and benefits is relatively close annually.
- One area where there could be more fluctuating changes would include Secretaries and School Office and Coordinators and Consultants budgetary lines.
- Approximately $\frac{3}{4}$ of the Board's annual operating budget is for supports for the classroom and instructional in nature.
- Trustee Initiative budget is status quo in the amount of \$50,000.
- 2016/2017 revenues: Most increases in revenue are increasing in funding and funding benchmarks due to Implementation of Labour Framework; Municipal Taxes are consistent; Ministry EPO Grants slightly reduced due to timing of reporting EPO grants given at time of preparation of budgets only those grants that are confirmed to be received with 100% certainty are included in both revenues and expenditures. During the year however as additional EPO Grants are received both revenue and expenditures will be adjusted accordingly.
- Trustee Harold Fry questioned if EPO Grants will be more than \$1,000,000. Superintendent Liz Therrien advised that Grants will surpass this amount.

2.0 ITEMS FOR DISCUSSION AND/OR ACTION (CONTINUED)

2.1 2016-2017 Budget (Continued)

- Summary of Staffing for 2016/2017: A comparison chart was provided detailing FTE for 2015/2016 Estimates, 2015/2016 Revised Estimates and 2016/2017 planned Estimates. Increase to elementary teachers due to ensuring compliance with collective agreements and compliance with Ministry primary class sizes. There are 52 ELK classrooms that have a team of a teacher and ECE in these ELK classrooms.
- Financial impacts of new Reforms – Financial Reforms to address excess capacity: Charts were presented to the Trustees to show the financial impacts of Year 2 of 3-Year financial reforms to address excess capacity specific to Near North District School Board schools and for the Board itself. Under the old model, the Ministry funded schools based on enrolment plus provided additional top-up funding in the amount of 10-15%. This base top-up funding will be completely eliminated by year three (3) of the financial reforms, September 2017. Only those schools that are identified as Enhanced facilities will receive additional funding over and above funding based on enrolment. In the future, to qualify as an Enhanced School to receive enhanced funding, elementary facilities have to be greater than 10 kms for another elementary facility and secondary schools need to be greater than 20 kms away from another secondary facility. For 2016/2017, the second year of financial reform, boards will receive 1/3 of funding under the old funding model and 2/3 of funding under the new funding model. The following elementary schools are within 10 kms of each other or another facility offering elementary programming and therefore are subject to financial reforms in the form of reduced top-up and elimination of top-up by September 2017: M.T. Davidson and Ferris Glen; Sundridge Centennial and South River Public School; All North Bay elementary public schools; Nobel and McDougall; Mattawa District and FJ Intermediate; and Parry Sound Public School. Although Land of Lakes and M.A. Wittick are currently within 10 kms of each other, Land of Lakes will close this year to undergo a significant retrofit during the 2016/2017 school year in order to receive the M.A. Wittick students September 2017 at which time M.A. Wittick will be scheduled for closure. As a result of a prior Accommodation Review, Nobel and McDougall will be consolidated with Parry Sound High School into a new JK to Grade 12 facility.
- Year 2 of 3-year reform sees a reduction in top-up funding in the amount of \$315,651 from 2015/2016 funding in the amount of \$1,777,852 to 2016/2017 anticipated top-up funding in the amount of \$1,305,716. There will be the need to plan for this shortfall in the upcoming 2017/2018 budget year.
- At the secondary level, secondary facilities need to be greater than 20 kms away from another secondary facility in order to qualify for enhanced facility funding. Given Northern Secondary and White Woods are on the same property, the Board will receive enhanced funding for both facilities. F.J. McElligott Secondary facility will receive enhanced funding. For the 2016/2017 budget year, North Bay Secondary Schools will only receive 1/3 of funding under the old model for top-up and 2/3 funding under the new model with top-up funding for these facilities to be completely eliminated effective September 2017. Almaguin Highlands Secondary School's enhanced funding in the amount of \$327,226 is returned for 2016/2017 given the school has now been open for more than five (5) years. Parry Sound High School will lose an additional 1/3 of funding for year two (2) and is scheduled to lose 100% of its top-up funding given its close proximity to Parry Sound Alternative School which is defined as another "secondary facility". The Alternative School located on Isabella Street in Parry Sound has three (3) rented classrooms for at-risk students. Concerns have been expressed to the Ministry although it appears as if the Board must now resolve this funding loss in order to restore the Parry Sound High School funding. If this were to be resolved it would significantly assist with the current in-year deficit.

- Administration is committed to finding solutions for at-risk students and addressing the lost top-up funding at Parry Sound High School.
- It is anticipated that the Board will lose approximately \$252,433 of additional top-up funding in upcoming budget year of 2017/2018. The purpose for eliminating top-up funding is for boards to deal with excess capacity.
- With the elimination of base and rural top-up funding accompanied with new distance criteria for Enhanced Funding, there are significant financial impacts when full implementation arrives in 2017/2018 as well as each individual year of each year of the 3-year reform.
- It will be critical for the new Reforms to be taken into consideration when developing the Board's Long-Term Capital Plan as the Board will need to react to these new Reforms to mitigate current funding losses.

2.2 Question Period

Trustee Corine Green questioned if we have a plan for the three (3) Alternative Education classrooms on Isabella Street in Parry Sound. The plan will be rolled out into the Capital Plan. When building the new JK – Grade 12 facility it will be necessary to be mindful of funding distance criteria in order to receive enhanced funding.

Trustee Harold Fry questioned Superintendent of Business Liz Therrien on whether she anticipates any further deductions from the Ministry. Superintendent Therrien based on the information on hand has advised she is comfortable with the submission as presented.

2016-06-03 *Moved by Al Bottomley, Seconded by Louise Sargent,
THAT the Budget Committee recommend the Board accept the 2016/2017 Budget
as presented at the Budget Committee Meeting of June 23, 2016.*

CARRIED

3.0 IN-CAMERA SESSION

2016-06-04 *Moved by Michelina Bean, Seconded by Alan Bottomley,
THAT the Budget Committee move into Private Session at 6:29 p.m.*

CARRIED

Jennifer Hamilton-McCharles exited the meeting at this time.

4.0 RATIFICATION OF BUSINESS TRANSACTED IN PRIVATE SESSION

2016-06-06 *Moved by Alan Bottomley, seconded by Michelina Beam,
THAT the Budget Committee ratify the following item from Private Session.*

- *Financial*

CARRIED

5.0 ADJOURNMENT

2015-06-05 *Moved by Al Bottomley, Seconded by Corine Green,
THAT the Budget Meeting of June 23, 2016 adjourn at 6:59 p.m.*

CARRIED

David Thompson
Chair

Jackie Young
Director of Education