



# 2016-17 GSN Revenue Update

## **Preliminary Revenue Estimates** *as at May 10, 2016*

**Presented by:**

**Anna Chan, Chief Financial Officer &  
Treasurer of the Board**



# 2016-17 REVENUE ESTIMATES as at May 10, 2016

Further to the February 29, March 10 & April 12, 2016 Revenue Module updates, the intent of this presentation is:

- ❑ To provide the first draft of the 2016-17 Revenue Module, based on preliminary calculations (subject to changes)

*Enrolment Projections:* Grants for Student Needs (GSN) are calculated based on 2016-17 enrolment projections submitted to the Ministry of Education in December 2015 (equal to MET Profile)



# 2016-17 REVENUE ESTIMATES as at May 10, 2016

## 1. Enrolment:

- Enrolment: 2016-17 Estimates vs 2015-16 Revised Estimates:
- Enrolment changes through the years

## 2. Operating Revenue Module:

- Revenue Summary (Before Capital Program)
- Summary of Changes: Operating Revenues
- Summary of Changes: Special Education
- Summary of Changes: School Operations & Excess Capacity

## 3. Risks & Opportunities

- Summary of Restraint Measures: from past to present to projected

## 4. Next steps



# 2016-17 REVENUE ESTIMATES as at May 10, 2016

## Enrolment

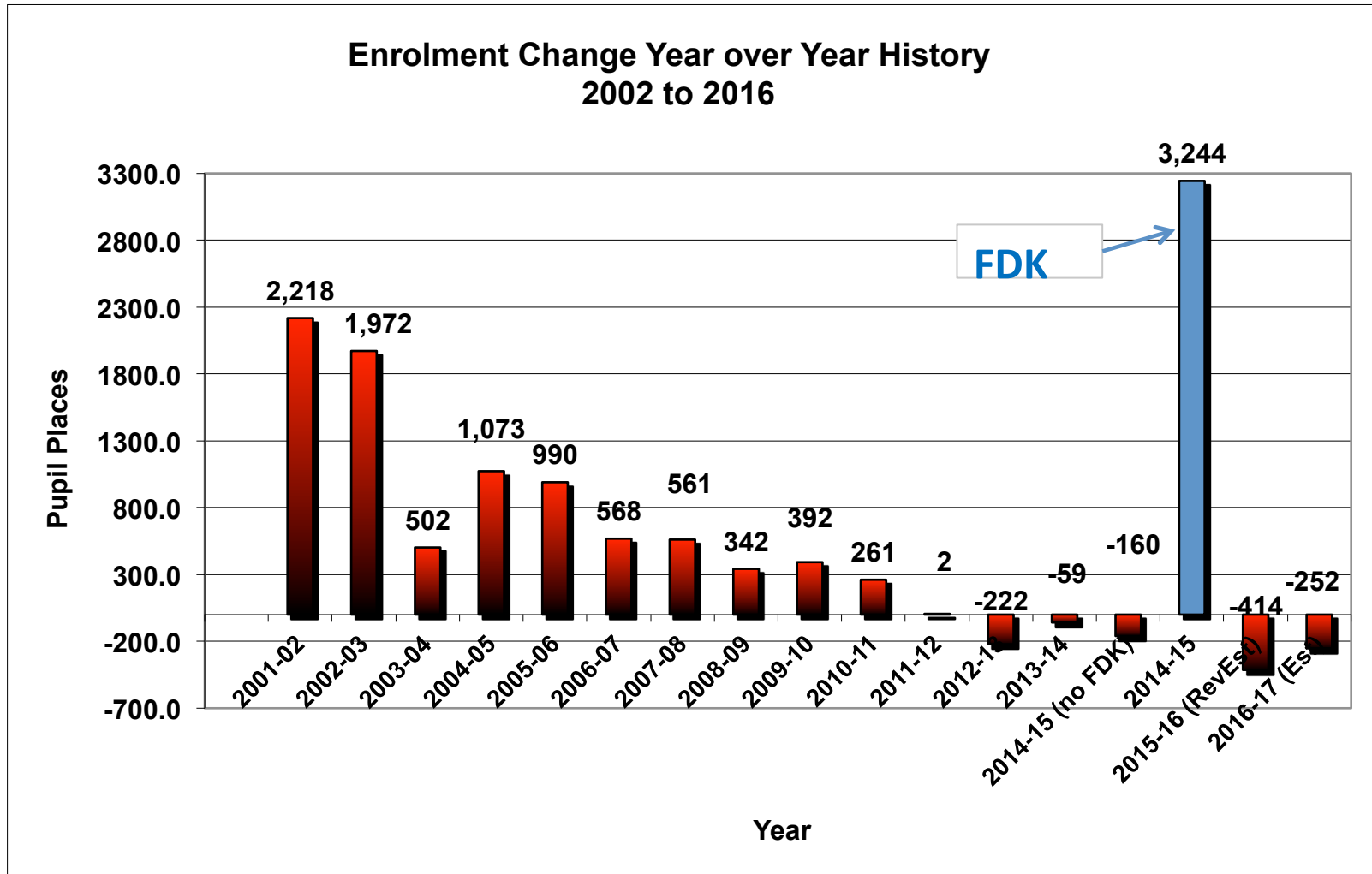
<b>Summary of Changes: Enrolment</b>				
	<b>2015-16 Revenue Revised Estimates</b>	<b>2016-17 Revenue Estimates</b>	<b>Difference</b>	
			<b>\$/S</b>	<b>%</b>
<b>ENROLMENT (excludes High Credit &amp; Visa students)</b>				
Elementary	36,763.71	36,277.21	(486.50)	-1.32%
Secondary	17,890.13	18,100.75	210.62	1.18%
Total Enrolment	<u>54,653.84</u>	<u>54,377.96</u>	<u>(275.88)</u>	<u>-0.50%</u>
<b>ENROLMENT (High Credit)</b>				
Secondary	<u>15.25</u>	<u>15.25</u>	-	
<b>ENROLMENT (Visa students)</b>				
Elementary	50.00	52.00	2.00	4.00%
Secondary	260.00	282.00	22.00	8.46%
Total Enrolment	<u>310.00</u>	<u>334.00</u>	<u>24.00</u>	<u>7.74%</u>
<b>ENROLMENT (includes Visa students)</b>				
Elementary	36,813.71	36,329.21	(484.50)	-1.32%
Secondary	18,165.38	18,398.00	232.62	1.28%
Total Enrolment	<u>54,979.09</u>	<u>54,727.21</u>	<u>(251.88)</u>	<u>-0.46%</u>

*Note: GSNs have been updated based on projected 2016-17 level of enrolments submitted to the Ministry of Education in December 2015 (equal to Ministry of Education Profile). VISA student enrolments have been updated.*



# 2016-17 REVENUE ESTIMATES as at May 10, 2016

## Enrolment Changes Through the Years





# 2016-17 REVENUE ESTIMATES as at May 10, 2016

## Preliminary Revenue Estimates

<b>Revenue Summary</b>				
			<u>Difference</u>	
	2015-16 Revenue Revised Estimates	2016-17 Revenue Estimates	#/\$	%
<b><u>OPERATING REVENUE</u></b>				
<b>Grants for Student Needs (GSN)</b>	\$ 553,393,432	\$ 559,999,379	\$ 6,605,947	1.19%
Other Grants	-	-	-	
Other Revenue	8,381,613	8,206,400	(175,213)	-2.09%
Continuing Education Other	7,034,301	7,284,244	249,943	3.55%
<b>TOTAL OPERATING REVENUE before Grants/Revenue with Expense offsets and Capital Program Revenue</b>	<b>\$ 568,809,346</b>	<b>\$ 575,490,023</b>	<b>\$ 6,680,677</b>	<b>1.17%</b>
<b>Grants/Revenue with Expense offsets</b>	<b>\$ 6,378,311</b>	<b>\$ 3,974,935</b>	<b>\$ (2,403,376)</b>	<b>-37.68%</b>
<b><u>TOTAL OPERATING REVENUE</u> before Capital Program Revenue</b>	<b>\$ 575,187,657</b>	<b>\$ 579,464,958</b>	<b>\$ 4,277,301</b>	<b>0.74%</b>



**\*\* Excludes Operating revenues from Capital programs and PSAB impacts**



# 2016-17 REVENUE ESTIMATES as at May 10, 2016

## Preliminary Revenue Estimates

<b>Summary of Changes: Operating Revenues</b>			
	<b>Changes</b>	<b>With expected Expense/ Revenue Offsets**</b>	<b>Without expected Expense Offsets</b>
<b>Enrolment Decrease Impact</b>	(2,851,849)	(2,851,849)	
<b>Salary Benchmark Inc &amp; Benefits Benchmark Dec</b>	4,718,649	5,318,649	(600,000)
<b>Declining Enrolment Adjustment Grant Change</b>	(378,941)		(378,941)
<b>Special Education (excludes Enrolment decline and Salary &amp; Benefit Benchmark inc )</b>	(832,025)	(635,025)	(197,000)
<b>School Operations (excludes Enrolment decline)***</b>	151,598	1,514,598	(1,363,000)
<b>Transfer from EPO to GSN Grant</b>	970,000	970,000	
<b>Q&amp;E (Teaching&amp;ECE) Placement Impact &amp; NTIP</b>	4,454,483	4,454,483	
<b>ESL</b>	179,878	179,878	
<b>FSL</b>	63,005	63,005	
<b>Other GSN Impact (net)</b>	131,150	131,150	
<b>Subtotal GSN Changes</b>	<b>6,605,947</b>	<b>9,144,888</b>	<b>(2,538,941)</b>
<b>Other Revenue/Grant Impact</b>	<b>74,730</b>	<b>634,343</b>	<b>(559,613)</b>
<b>Total Changes: Operating Revenue (before Grants/Revenue with Expense offsets and Capital Program Revenue)</b>	<b>6,680,677</b>	<b>9,779,231</b>	<b>(3,098,554)</b>
<p><b>** Note that the expected Expense offset is unlikely the same as Revenue and may be &lt;/&gt; Revenue impact</b></p> <p><b>** Note the analysis above are best estimates only and will be refined upon finalization of the Revenue Module.</b></p> <p><b>*** While School Operations Grant increased benchmarks by \$1.5M, the grant also decreased by \$1.4M for decreases in "Top-up" funding (used to assist school boards with excess capacity in schools) and Supplemental Area Factor (SAF) funding.</b></p>			

Represents the \$3.1M decrease in Revenues for which there is no expected offsetting or matching decrease in expenses



# 2016-17 REVENUE ESTIMATES as at May 10, 2016

## Preliminary Revenue Estimates

Summary of Changes: Special Education					
	2015-16 RE	2016-17	Change	% Change	
Spec Ed Per Pupil amount (SEPPA)	\$ 38,515,191	\$ 38,930,302	\$ 415,111	1.1%	Inc Salary Benchmark
Special Equipment Amount (SEA)	2,293,058	2,283,099	(9,959)	-0.4%	
Behavioural Expertise Amount (BEA)	238,219	240,004	1,785	0.7%	
High Needs Amount (High Needs Amount/Differentiated Special Education Needs)	27,010,521	26,128,970	(881,551)	-3.3%	Transition to new HNA formula (& Enrolment decrease)
Special Incidence Portion (SIP)	2,200,000	2,200,000	-	0.0%	
Facilities (FA)	488,803	502,651	13,848	2.8%	
<b>Total Special Education Allocation</b>	<b>\$ 70,745,792</b>	<b>\$ 70,285,026</b>	<b>\$ (460,766)</b>	<b>-0.7%</b>	

*Changes include following impacted on Special Education Funding :*

- *Enrolment Decrease (\$403,000)*
- *Provision for Salary increase and Benefits decrease (net increase \$775,000)*





# 2016-17 REVENUE ESTIMATES as at May 10, 2016

## Preliminary Revenue Estimates

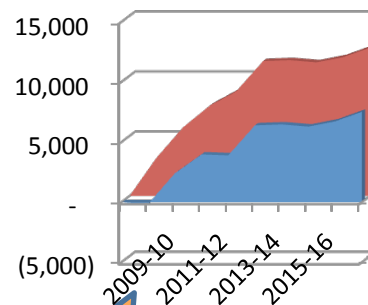
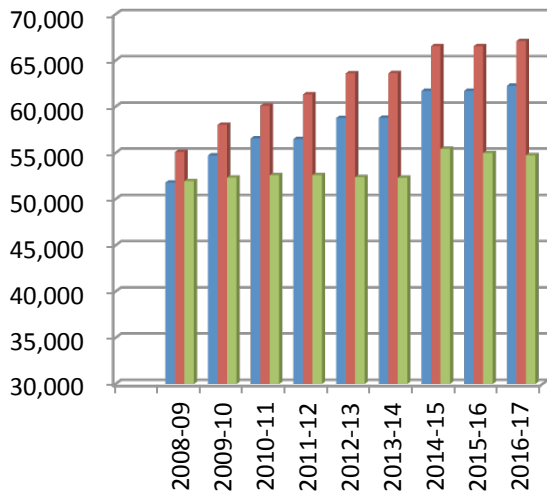
Summary of Changes: School Operations					
	2015-16 RE	2016-17	Change	Change without offsetting Expense Decrease	
			(362,805)	(1,375,861)	Supplemental Area Factor (Yr 2 of 3) Benchmark Increase (Yr 2 of 3) Benchmark Increase (100%) Enrolment Decrease
			648,000		
			878,065		
			(249,761)		
School Operations Allocation	49,467,886	50,381,385	913,499		
Top-UP	2,372,734	1,359,678	(1,013,056)	(1,013,056)	Top- up Elimination (Yr 2 of 3)
Section 23 Facilities	8,999	13,480	4,481		
Software Licensing Fee	22,362	19,276	(3,086)		
<b>Total School Operations</b>	<b>51,871,981</b>	<b>51,773,819</b>	<b>(98,162)</b>	<b>(1,375,861)</b>	

The school Operations Allocation addresses costs of operating school facilities. In particular: (1) Top-up funding provides funding to address the cost of cleaning and maintaining some of the excess school facility capacity (i.e. where enrolment is less than capacity). 2016-17 is the 2<sup>nd</sup> of a 3 year phase in elimination of Top-Up funding. (2) Supplemental Area Factor (SAF) applied to school operation per pupil benchmark continues to be reduced. Total impact of decrease is (\$1.4M).



# 2016-17 REVENUE ESTIMATES as at May 10, 2016

## Preliminary Revenue Estimates



### OTG vs. ADE

(On-the-ground capacity vs. Average Daily Enrolment)

Estimated Annual Impact of Excess Capacity \$6M to \$10M (Benchmark)

### Excess Capacity

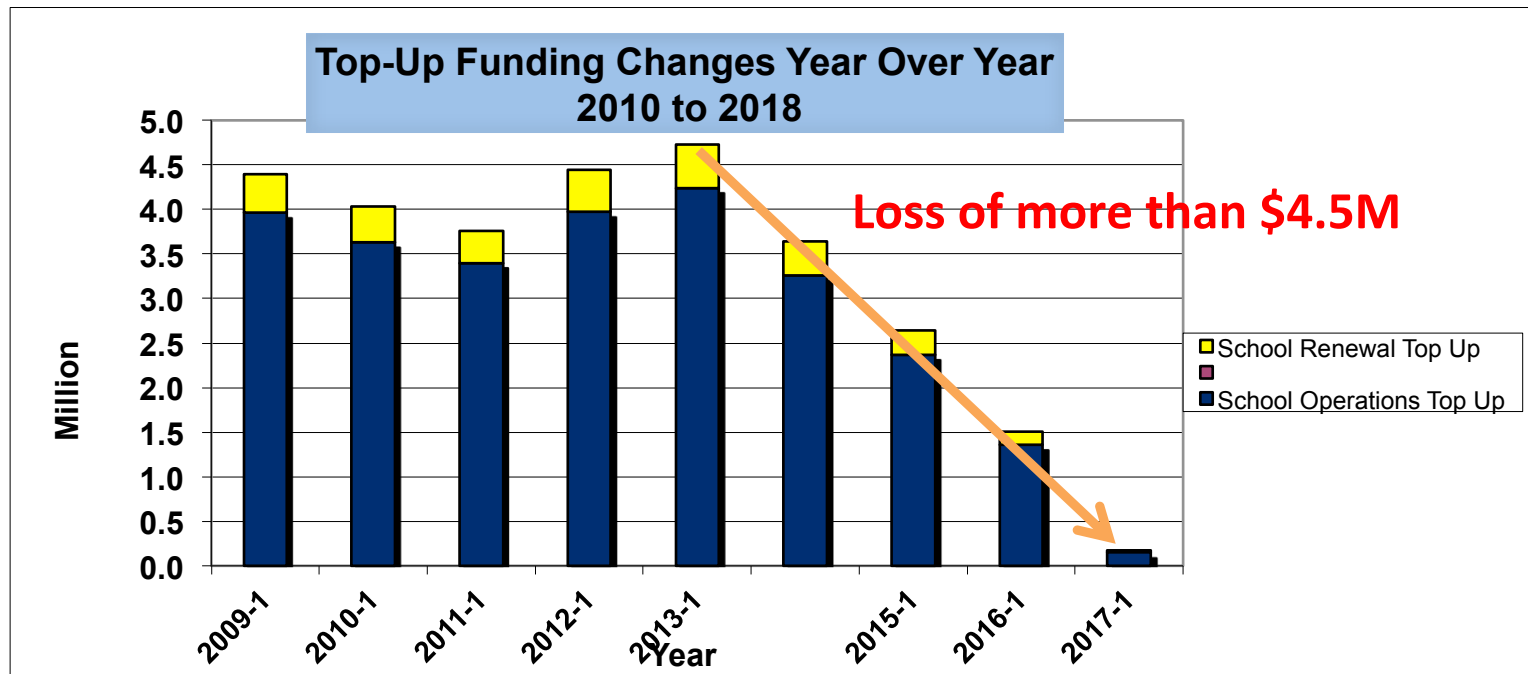
In past years, Excess Capacity is funded by “Top-up” grant for School Operations: The charts above illustrate the board’s capacity (with and without portapaks) versus enrolment as well as excess capacity from 2008-09 to 2016-17 (with and without portapaks). Note that OTG represents capacity for permanent pupil places and portapaks provide semi-permanent pupil places.



# 2016-17 REVENUE ESTIMATES as at May 10, 2016

## Preliminary Revenue Estimates

### Top-up Funding (for Excess Capacity) Eliminated by 2017-18



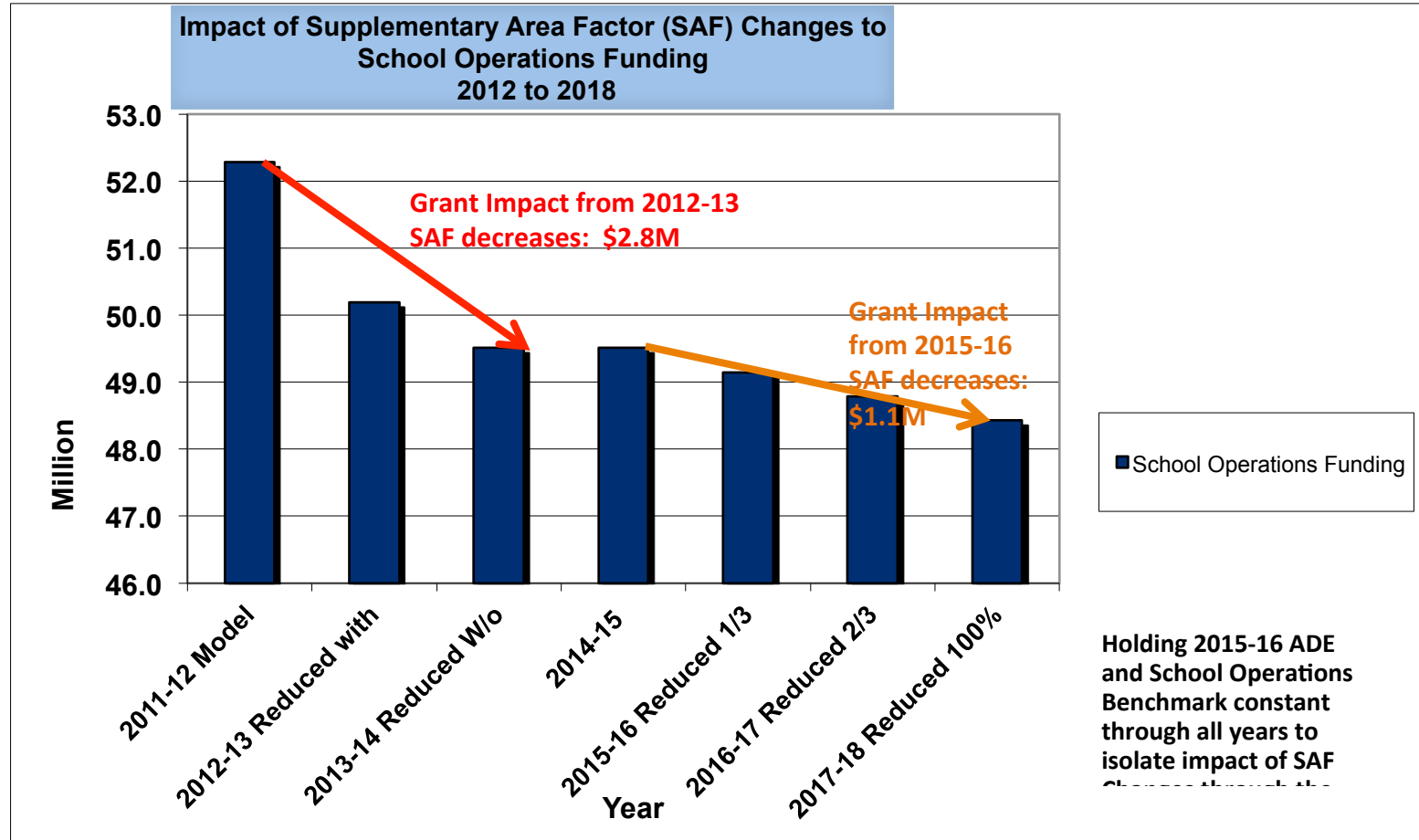
Top-up funding (part of School Operations Funding) provides funding to address the cost of cleaning and maintaining some of the excess school facility capacity (i.e. where enrolment is less than capacity). 2016-17 is the 2<sup>nd</sup> of a 3 year phase in elimination of Top-Up funding.



# 2016-17 REVENUE ESTIMATES as at May 10, 2016

## Preliminary Revenue Estimates

### Supplement Area Factor (SAF) Funding Changes





# 2016-17 REVENUE ESTIMATES as at May 10, 2016

## Risks & Opportunities

### More risks .... Less Opportunities:

- **Board Profile: Declining Enrolment (Grant Decreasing)**
- **Labour Framework:**
  - Reduce local control of \$'s
  - Drove dis-proportionately higher benefit costs
  - GSN reductions
  - Absenteeism increases
- **Special Education Funding:**
  - High Needs Amount (HNA)/Differentiated Special Education Needs Amount (DSENA) and SEA funding decreases
- **Excess Capacity/School Operations funding decreases:**
  - Excess Capacity: require accelerated solutions for fiscal impact (Top-up funding elimination)
  - Supplemental Area Factor (SAF) decreases: Prior Years and New



# 2016-17 REVENUE ESTIMATES as at May 10, 2016

## Risks & Opportunities

### Restraint Measures Cumulative Impacts:

				2017-18		2016-17		2015-16	
GENERAL		Phase in Term	In-Year Change	In Year Cumulative	In-Year Change	In Year Cumulative	In-Year Change	In Year Cumulative	
<b>Benefits Benchmark (affects various allocations)</b>	Retirement Gratuities	2013 to 2024	(600,000)	(3,300,000)	(600,000)	(2,700,000)	(600,000)	(2,100,000)	
<b>Allocation for Operating Purposes</b>									
<b>Pupil Foundation</b>	Classroom Computers			(700,000)		(700,000)		(700,000)	
	PD			(1,200,000)		(1,200,000)		(1,200,000)	
	High Credit			(103,000)		(103,000)		(103,000)	
<b>Special Education</b>	SEA			(2,500,000)		(2,500,000)		(2,500,000)	
	HNA	2015 to 2018	(847,000)	(3,009,000)	(847,000)	(2,162,000)	(645,000)	(1,315,000)	
<b>Learning Opportunities</b>	Demographic Component	2011-2014		(1,400,000)		(1,400,000)		(1,400,000)	
<b>Compensation Restraint Savings (new 2012)</b>	PPSA Act			(511,000)		(511,000)		(511,000)	
<b>Declining Enrolment</b>	Reduction				(343,000)	(343,000)	(200,000)	(200,000)	
<b>Administration and Governance</b>	2010-11-2012-13	2011 to 2013		(650,000)		(650,000)		(650,000)	
<b>School Operations</b>	SAF	2013 to 2014 2016 to 2018	(360,000)	(2,983,000)	(363,000)	(2,623,000)	(360,000)	(2,260,000)	
	Top-up	2016 to 2018	(1,207,000)	(4,072,000)	(1,000,000)	(2,865,000)	(865,000)	(1,865,000)	
<b>Total Operating Restraint Measures</b>			(3,014,000)	(20,428,000)	(3,153,000)	(17,757,000)	(2,670,000)	(14,804,000)	



# 2016-17 REVENUE GSN Highlights as at May 10, 2016

## Preliminary Conclusions

### Preliminary Conclusions:

- No new monies
- Provincial focus on Labour Framework, School Boards Efficiency Modernization (SBEM), Equity & Accountability
- Funding will not keep up with current costs
- Additional funding reductions added to on-going reductions



# 2016-17 REVENUE GSN Highlights as at May 10, 2016

## Next Steps

### Next Steps:

Finalize 2016-17 Revenue & Expense Estimates :

- Complete Revenue Estimates (Q&E, Capital, etc.)
- Incorporate possible changes to enrolment if new information emerges
- Verify against Ministry EFIS
- Complete Expense Estimates to determine Gap & Gap elimination strategies
- Continue with Budget process for 2016-17 Estimates