

Ministry of Education
Financial Analysis and
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2016: SB13

MEMORANDUM TO: Superintendents of Business

FROM: Med Ahmadoun
Director
Financial Analysis and Accountability Branch

DATE: April 8, 2016

SUBJECT: **2016-17 Estimates**

I am pleased to inform you that the 2016-17 Estimates and instructions detailing the changes for this year are now available through the Estimates link on the [Financial Reporting website](#).

NOTICE:

Certain of the plans and proposals set out in this memo can take effect only if regulations are made by the Lieutenant Governor in Council under section 234 of the Education Act. Such regulations have not yet been made. Therefore the content of this memo should be considered to be subject to such regulations, when and if made.

The forms implement the GSN changes announced in memorandum 2016:B6 and contain a number of changes, some of the key ones include:

- An increase in the salary benchmarks for teaching and non-teaching staff of 1.25 percent for the 2016-17 school year. This increase reflects the negotiated increases for the 2016–17 school year of one percent effective September 1, 2016, and an additional 0.5 percent effective the 98th day of the 2016–17 school year. Compensation benchmarks for principals and vice-principals remain unchanged as discussions on provincial terms and conditions with principals and vice-principals are ongoing.
- Grid movement undelayed for the Teacher Qualifications and Experience (Q&E) Allocation and the Early Childhood Educator Qualifications and Experience Allocation.

- Implementation of the Earned Leave savings, applicable to teachers in Catholic District School Boards and in French language boards. Estimated savings of one day at the supply teacher rate is being shared between the school boards and the Ministry. Therefore, a half day funding reduction at the supply teacher rate is reflected in the Q&E allocation section of the estimates forms. Further adjustment will be made once actual sick leave information is available for the 2014-15, 2015-16 school years. Details of the adjustment will be communicated to school boards in the Revised Estimates.
- Early payouts of Retirement Gratuities – as communicated in memorandum 2016:SB01, boards that receive the one time funding in 2015-16 for the early payouts of retirement gratuities will have adjustments to their GSN funding in future years. This takes into consideration the lower amounts of the remaining unfunded retirement gratuities liability that those boards would amortize into compliance. The 2016-17 estimates forms reflect how the reduction in GSN funding relating to the 2015-16 early payouts of retirement gratuities would be calculated (in the Q&E allocation section). The funding reduction will be calculated in the 2016-17 Revised Estimates using the data reported in the template provided in memorandum 2016:SB01 and in the 2015-16 Financial Statements.

Reporting of benefit trusts costs and funding

The 2016-17 Estimates forms do not include the funding amounts committed by the Ministry of Education to support the transfer of employee benefits to the trusts, as stated in the collective agreements. School boards are encouraged to estimate their 2016-17 benefits cost according to the suggested approach in Memorandum 2016:SB08, Employee Health, Life & Dental Benefits transformation - updates and reporting requirements.

Reporting of reserves transfer back to school boards on termination of the existing benefit plans

When the school boards terminate their benefit plans with their existing insurance carriers and join the provincial benefit trusts, the existing benefit plans may have reserves (e.g., Claims Fluctuations reserves) that will be transferred back to the school boards. These reserves, if not already accounted for in the school board's financial reports, should be treated as revenues and go into the school boards' accumulated surplus. However, where there is an active grievance relating to these reserves or a portion thereof by a bargaining unit of a board, the board is advised to internally restrict the amount until the grievance is settled.

Sessions for 2016-17 Estimates forms and 2016 March Report

As per the communications that were sent recently to the sector, the ministry is offering six sessions (five English and one French) to school boards on the changes in the

2016-17 Estimates forms and 2016 March Report. These sessions will be provided through Adobe Connect and will be held during the weeks of April 18 and 25.

Remaining Capital Build-Room from Capital Wrap-Up program

The ministry wrapped-up the New Pupil Places/Good Places to Learn programs (capital wrap-up) in 2009-10 and boards were given a capital build-room that would be eligible to be long-term financed through the Ontario Financing Authority(OFA) as they completed projects that were approved by the ministry. Since then, school boards would have accessed most of the build room by August 2016. Starting in 2016-17 the ministry will convert all unspent capital build room as eligible to be long-term financed through the OFA to a capital grants model. This change will help streamline capital reporting requirements as boards will receive funding through capital grants only for future capital expenditures and will no longer be required to submit separate requests for OFA financing. Boards will continue to receive transfer payments from the ministry to repay existing OFA loans.

The Ministry will finalize the amount of unspent capital build room for each board after receiving the capital expenditures data from school boards in the 2015-16 Financial Statements and the Capital Analysis and Planning Template (CAPT). The last OFA loan issue is scheduled for March 2017 and will include eligible expenditures reported in the 2015-16 Financial Statements.

The transfer of the capital build room will be reflected in the 2017 March Report and the 2016-17 Financial Statements. As the capital build room in the 2016-17 Estimates and Revised Estimates will not reflect this transfer; school boards are advised to continue to budget their capital expenditures for the build room based on their capital plans.

Ministry approval for in-year deficit

Please be reminded that in accordance with section 231 of the Education Act, 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 the board's operating allocation. Boards should seek Ministry approval prior to the final board's approval of the budget. 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 section 231 of the Education Act. A new approval from the Ministry is required if the projected in-year deficit has increased from the previous approved amount.

The details on the process for requesting Ministry approval is described in the 2016-17 Estimates instructions document.

Submission

Boards are required to submit their 2016-17 Estimates by **June 30, 2016** through [EFIS](#).

Paper documents are no longer required to be mailed to the Ministry to support boards' active EFIS submission. Instead a copy of the following documents should be submitted electronically, from the active EFIS submission:

- Certificate from the Director of Education;
- Compliance Report;
- Schedule 9;
- Schedule 10;
- Schedule 10ADJ;
- Section 1A summary (all pages); and

The documents should be sent as a PDF file by email to estimates.met@ontario.ca as an attachment and should not be directly inserted into the body of the email.

Only the Certificate from the Director of Education in the aforementioned documents requires the Director of Education's signature. The file name used should follow the naming convention specified on the [FAAB website](#).

To facilitate the management of our electronic filing boards are asked to include the following text in the subject line of the email "2016-17 Estimates Supporting Documentation – DSB ##".

Late Filing

The policy on late filing will be applicable to the 2016-17 Estimates. Where a board submits its Estimates after June 30, 2016, its regular cash flow will be reduced by 50%. Upon submission of the Estimates, the Ministry will revert back to the normal monthly payment process and will include in the monthly payment the total amount withheld up to that point.

Contacts

For questions on the Estimates package, please contact your Ministry Financial Analyst. The complete listing of the Financial Analysts and their contact information can be found on the FAAB website under the "[Contact Us](#)" section.

For user login/GO Secure assistance on EFIS, contact:

EFIS Support

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Original signed by

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cc: Directors of Education