



# Memo

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**Date:** November 11, 2020  
**To:** Members of Council  
**From:** Diane Ballantyne, OCT  
Chair, Finance Committee  
**Subject:** Report of the Finance Committee

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## Committee Meetings Dates

The committee met on October 21, 2020.

## Summary of Discussions

The Finance Committee reviewed feedback from the recent Council budget briefing session. After a period of discussion, a Q&A document was reviewed and drafted for circulation to Council in December. The Committee recommended that Council members approve the 2021 budget proposal as presented at the October 2, 2020 budget briefing session and set out in the motion below.

The Committee conducted a final review of a fee-setting strategy report outlining the factors that impact fee setting in the regulatory field. This report will be presented at the next available Council meeting.

Finally, the Controller presented on risk mitigation strategies and opportunities reflecting on approaches, techniques and tools for engagement in an effort to monitor and assess ongoing risk factors.

## Motions Referred to Council

The Finance Committee recommends:

**That Council approve the 2021 budget proposal with no adjustments to the membership fee currently set at \$170.**

## Committee Mandate/Duties

The Finance Committee reviews and reports to Council regarding the financial affairs and position of the College and recommends an annual budget to Council. The Finance

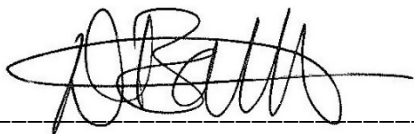
Committee also functions as the Audit Committee of the College and makes recommendations to Council with respect to the appointment of the auditor and approval of the annual audited financial statements.

**Future Meeting Date(s)**

The committee has confirmed December 9, 2020 as the next meeting date.

**Committee Members**

Diane Ballantyne, OCT (Chair)  
Mary Ellen Gucciardi, OCT  
Colleen Landers (Vice Chair)  
Vincent Rinaldo, OCT  
Nicole van Woudenberg, OCT

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Diane Ballantyne, OCT, Chair



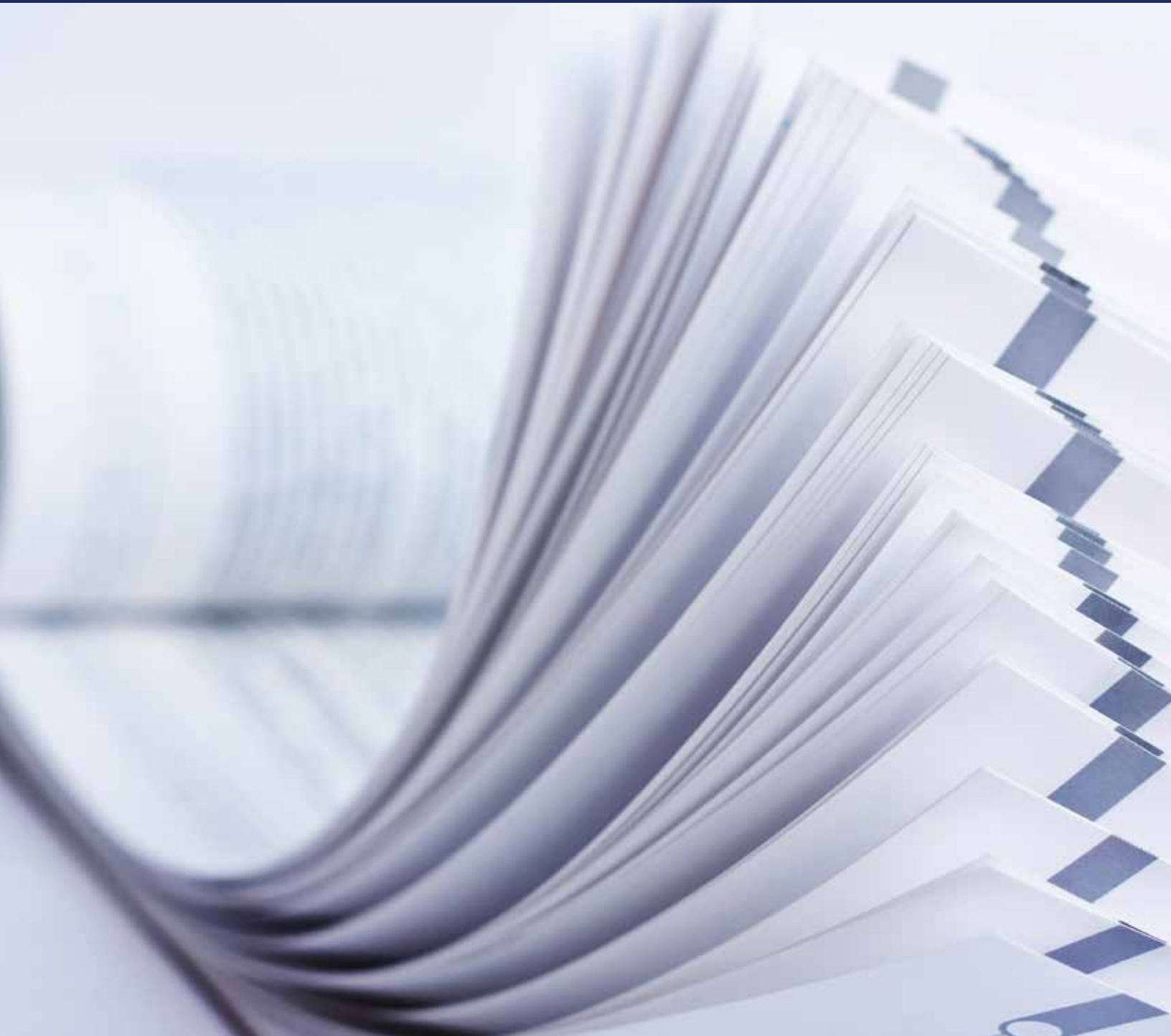
Ontario  
College of  
Teachers

Ordre des enseignantes  
et des enseignants  
de l'Ontario

GC20201203-141  
Item 7.1

# 2021 Budget Program Highlights

Council Budget Proposal  
December 2020



## College Vision

Trusted to regulate the teaching profession in Ontario.

## College Mission

Placing students' interests and well-being first by regulating and promoting excellence in teaching.

## Values

The Ontario College of Teachers commits to:

- Protect the public interest
- Quality, excellence and professionalism
- Honesty and integrity
- Accountability and transparency
- Efficiency, effectiveness and fiscal responsibility
- Sustainability
- Inclusivity and respect for diversity
- Respectfulness and teamwork between the College Council, staff and stakeholder community, each respecting the other's role

## College Strategic Priorities

### 1. Strengthen Transparency and Accountability

- develop objective and subjective key performance indicators for the College that are measurable, observable and perceivable
- make improvements to the discipline process to better reflect public expectations
- use plain language internally and externally in all communications to better connect the public and College members to the work of the College

### 2. Manage Risk More Strategically

- Council meetings focus more on managing risk and less on operational issues
- increase public awareness of the ongoing professional development activities of all College members
- annually conduct an environmental risk scan
- analyze College data and trends as a basis for creating additional guidance and member resources
- utilize the recommendations of the 2018 Governance Review to ensure improved governance and oversight

### 3. Improve Stakeholder Engagement

- clarify and better communicate the privilege and benefits of self-regulation
- enhance the effectiveness of collaboration with government, constituent organizations and other regulators



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# Executive Summary

## Trusted to regulate the Teaching Profession in Ontario

The Ontario College of Teachers 2021 budget allocates funding to core program areas in an effort to meet the College's strategic objectives. The 2020 operating period was marked by the outbreak of COVID – 19. A critical response team was formed early in the pandemic outbreak to both assess and address risk factors.

After a year of uncertainty created by the global pandemic, operating assumptions for 2021 are predicated on a return to relatively normal operations. Ongoing due diligence and monitoring of environmental factors impacting the College will be critical.

The year over year revenue sources for the College are expected to remain relatively consistent with little change to the membership portfolio for 2021. Membership fees will remain unchanged from 2020 levels at \$170.

College program budgets continue to reflect an across the board funding freeze with the exception of 2021 cost drivers related to the planned College elections, annual salary and benefit adjustments, and capital expenditures for facilities and information technology projects.

The 2021 budget will require a draw from reserve forecasted at \$457,138. This planned draw down will not adversely impact financial risk factors as the reserve balance is expected to remain within acceptable limits for risk at a forecasted balance of \$4,579,886.



# Statement of Financial Objectives

Successive College Councils have endorsed the following strictures to emphasize sound financial management practices.

## Services will be appropriately funded:

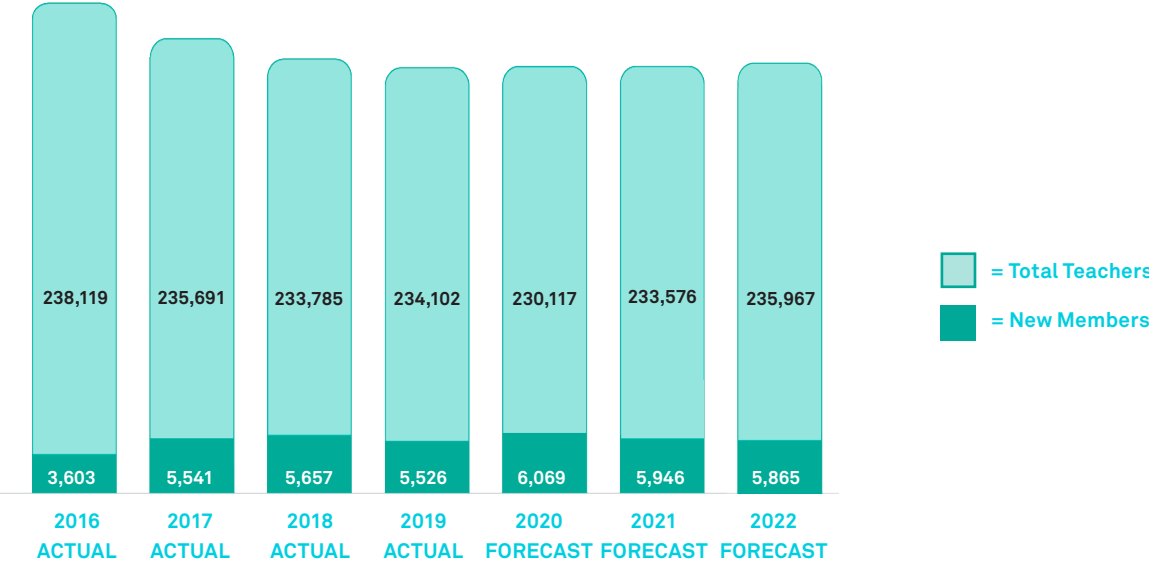
- **to meet legislative requirements.**  
The *Ontario College of Teachers Act* establishes the responsibilities and obligations of the College. The financial plans of the College will provide adequate resources in this regard.
- **to provide good member service.**  
The College members deserve a high standard of service from their professional body. Applicants to the profession should also be impressed with excellent service. In establishing financial plans, excellence in member services will be observed as a primary principle.
- **with adherence to principles of economy, efficiency and effectiveness.**  
The College's financial plans will be built on policy and procedures, which will ensure that the College is employing the best methods to achieve economy, efficiency and effectiveness in its operation.
- **to set fees at reasonable levels.**  
The College will strive to minimize member fees and set reasonable fees for special services.
- **to accumulate financial resources thereby ensuring stability and independence.**  
The College will do this by responding to unexpected risks, by taking advantage of opportunities and by stabilizing annual membership fees.

# College Membership Summary

The Ontario College of Teachers has one of the larger memberships amongst Canadian regulators. The organization benefits from having both one of the lowest staff to member ratios and the lowest member fees in the country providing valuable services while

maintaining sound financial stewardship. Membership numbers will be relatively stable over the next few years, benefitting from an annual replenishment of graduates from the teacher education program.

## Ontario Teacher Membership Trendline



The seven-year trend line illustrates the impacts of introducing a four semester teacher education program and reflects labour market fluctuations in the demand for teachers.

Table 1.0

Regulatory Body - 2021 Estimates	Members	Staff	Operating Budget	# of Members per Staff
Ontario College of Teachers	233,576	180.5	\$ 44,991,727	1,294
College of Physicians & Surgeons of Ontario	43,612	390	\$ 75,632,456	112
Royal College of Dental Surgeons of Ontario	10,789	135	\$ 31,200,000	80
Chartered Professional Accountants of Ontario	94,770	327	\$ 108,900,000	290
College of Early Childhood Educators	55,000	65	\$ 10,000,000	846
College of Nurses of Ontario	188,897	323	\$ 58,410,000	585

# New Members by Source

The College has admitted a similar number of new teacher graduates over the past few years. The number of graduates reflect job prospects which are forecasted to remain constant.

New Ontario Members by Source	2018 Actual	2019 Actual	2020 Forecast	2021 Forecast	2022 Forecast
Ontario Graduates Consecutive	2,676	2,774	3,313	3,372	3,371
Ontario Graduates Concurrent	1,124	990	891	802	722
Ontario Faculty - Multi - Session Grads	66	91	91	91	91
OISE U of T Masters Degree Programs	632	441	544	451	451
Permit Colleges	184	218	218	218	218
U.S. Border Colleges	72	68	68	68	68
Labour Mobility Other Provinces	332	313	313	313	313
Other Countries	571	631	631	631	631
Total New Members	5,657	5,526	6,069	5,946	5,865

## Ontario Graduates Consecutive

This category includes all Ontario university teacher education consecutive programs.

## Ontario Graduates Concurrent

This allocation for concurrent graduates forecasts for the period 2019 to 2022 with an expected 10% per annum downward trend as reported by MTCU.

## Ontario Faculty - Multi - Session Graduates

This allocation includes Ottawa French language, Native language, and Tech graduates.

## OISE U of T Masters Degree Programs

The OISE/Masters of Teaching and Master of Arts in Child Study graduates are forecasted to remain steady over the next few years.

## Permit Colleges

The permit colleges, which include Tyndale, Niagara, and Redeemer are forecasted to continue to produce a low but steady cohort of graduates similar to past trends.

## U.S. Border Colleges

Although some New York State border colleges (Canisius, D'Youville, Medaille) established ETEP modelled programs for Ontario graduates, few Ontarians are expected to register in the next few years.

## Labour Mobility Other Provinces

This forecast assumes a continuing low volume of teachers migrating to Ontario until the new teacher employment prospects improve in Ontario.

## Other Countries

This assumes that the volume of new members educated outside Canada will increase gradually as an improved employment market is realized.

# 2021 Sources of Revenue

Sources of Revenue	2019 Actual	2020 Budget	2020 Forecast	2021 Budget	Increase / (Decrease)
Annual Membership Fees	\$ 35,265,312	\$ 39,543,870	\$ 39,120,000	\$ 39,707,920	\$164,050
Other Fees	\$ 1,429,342	\$ 1,884,010	\$ 1,015,500	\$ 1,534,690	\$ (349,320)
Advertising Revenue – Magazine	\$ 683,962	\$ 775,000	\$ 775,000	\$ 775,000	-
Advertising Revenue – Website	\$ 102,961	\$ 80,000	\$ 80,000	\$ 80,000	-
External Project Funding	\$ 12,188				-
Investment and Other Income	\$ 567,915	\$ 320,000	\$ 310,000	\$ 360,000	\$ 40,000
Total Revenue	\$ 38,061,480	\$ 42,602,880	\$ 41,300,500	\$ 42,457,610	\$ (145,270)

## Annual Membership Fees

The annual membership fee of \$170 multiplied by the number of members (233,576), is the basis for revenue.

## Other Fees

The College charges fees for member and applicant services. The most significant include: registration, evaluation, and reinstatement fees.

Registration fees are paid by all first time applicants to the College and evaluation fees are paid by those educated outside Canada. Registrations will remain constant in 2021. Evaluation fee revenue and reinstatement fee revenue are expected to decline based on forecasts. The variety of miscellaneous fees for transcripts, certified copies of records and certificates of registration and qualification represents less than \$75,000 of the overall College revenue and fluctuates from year to year with no major variance. Also included in other fees is a \$20,000 allotment for in-service accreditation program offerings.

## Advertising Revenue - Magazine

*Professionally Speaking / Pour parler profession*, the quarterly College magazine for members, generates advertising revenue. Print ad sales promote advertising partners' products and services.

## Advertising Revenue - Website

The College charges vendors to advertise on the website and on other forms of electronic media.

## External Project Funding

The College receives funds from outside partners to pursue projects of mutual benefit. The Ministry of Education has discontinued funding related to the *Transition to Teaching Study*.

## Investment and Other Income

The College invests funds not immediately required for operations in short-term investments as approved by College bylaws emphasizing a conservative approach focusing on liquidity and preservation of principal. The rates of return on College investments are not expected to vary much in 2021.

## College Fee History

\$90.00	↑	\$104.00	↑	\$139.00	↓	\$120.00	↑	\$138.00	↑	\$150.00	↑	\$170.00
1997 – 2001		2002		2003 – 2004		2009 – 2011		2012 – 2013		2014 – 2019		2020 – 2021

# 2021 Proposed College Budget

Statement of Operations	2019 Actual	2020 Budget	2020 Forecast	2021 Budget	Increase / (Decrease)
Revenue	(\$)	(\$)	(\$)	(\$)	(\$)
Annual Membership Fees	35,265,312	39,543,870	39,120,000	39,707,920	164,050
Other Fees	1,429,143	1,884,010	1,015,500	1,534,690	(349,320)
Advertising Revenue - Magazine	683,962	775,000	775,000	775,000	
Advertising Revenue - Website	102,961	80,000	80,000	80,000	
External Project Funding	12,188				
Investment and Other Income	567,915	320,000	310,000	360,000	40,000
Total Revenue	38,061,480	42,602,880	41,300,500	42,457,610	(145,270)
Expenses					
Employee Compensation	21,938,104	23,255,316	23,145,686	23,874,508	619,192
Council and Committees	705,247	810,870	595,610	898,470	87,600
Membership Services Department	45,812	66,000	56,229	66,000	-
Investigations and Hearings	6,066,117	4,790,420	5,389,140	4,790,420	-
Standards of Practice and Accreditation	538,459	700,200	447,958	700,200	-
Office of the Registrar and Finance	605,876	698,000	614,400	698,000	-
Corporate and Council Services	7,348,749	8,333,750	7,792,895	8,333,750	-
Council Elections		105,000	-	286,500	181,500
Occupancy Costs 101 Bloor West	1,911,354	2,146,300	2,021,100	2,146,300	-
Amortization	2,186,462	3,216,378	2,740,211	3,197,579	(18,799)
Total Expenses	41,346,179	44,122,234	42,803,229	44,991,727	869,493
Gross Surplus / (Deficit)	(3,284,699)	(4,439,802)	(1,502,729)	(2,534,117)	-
Add: Amortization, (Non-Cash Item)	2,186,462	3,216,378	2,740,211	3,197,579	
Less: Capital Expenditures	1,554,701	700,000	700,000	1,120,600	
Net Surplus / (Deficit)	(3,916,460)	997,024	537,482	(457,138)	



# Budget Highlights

Summary of year-over-year net changes

## Revenue

### Annual Membership Fees

**+ \$164,050**

Reflects no change to the fee and a year-over-year flat membership revenue trend.

### Other Fees

**- \$349,320**

Reflects adjustments to registrations, evaluations, and reinstatements to reflect volume estimates and past experience.

### Investment and Other Income

**+ \$40,000**

Investment income is forecasted to increase slightly in 2021.

**Net Decline in Revenue - \$145,270**

## Expenses

### Employee Compensation

**+ \$619,192**

Represents salary base adjustments including prorated consumer price index adjustments of .8% \$147,040, salary range and band adjustments \$123,093, staff replacement net increases and position reclassifications \$186,653, variable incentive adjustment \$24,208 and benefit adjustments related to the Canada Pension plan and employee pension plans, \$138,198.

### Council Elections

**+ \$181,500**

Reflects election costs related to magazine (layout and design, printing and postage), translation, web design and posting of candidate material required by regulation. Also included are voter participation costs for ads in stakeholder publications, posters and promotional material. Voting application upgrades to reflect regulatory amendments to the ballots, voting application security monitoring during the election period and the cost of engaging auditors to validate the process and results.

### Corporate and Council Services

**+ \$87,600**

Represents one-time adjustments for the new Council related to supplying information technology equipment.

### Amortization

**- \$18,799**

Depreciation expense will decrease in 2021 based on the College asset mix.

**Net Increase in Expense + \$869,493**

# College Reserve Fund Accounting

The operating reserve policy reduces financial risk by providing a degree of funding stability for College programs and operations. Restricted cash provides an internal source of funds for sudden increases in expenses, one-time unbudgeted expenses, unanticipated losses in funding, uninsured losses, and low-risk investment opportunities that save money or reduce operating expenses.

By setting aside two months of cash flow, ongoing operations, programs, unplanned opportunities, and liabilities can be addressed. The College monthly cash flow includes all recurring predictable expenses, such as salaries and benefits, occupancy, office, travel, program and ongoing professional services, capital expenditures, but excludes non-cash expenses. In addition to maintaining up to two months of cash, the College can on occasion set aside additional cash reserves for a specified financial or program objective with a measurable period and outcome at the discretion of Council.

The College restricted cash balance is comprised of tax rebates and annual budget surpluses. These funds have accumulated in the cash

account under the classification of restricted reserves. The financial strategy for surplus cash has been to address annual operating budget shortfalls with reserve offsets, ensuring member fees have not risen in successive years. The accumulation of restricted reserves also provides a degree of financial flexibility and agility to seize financial opportunities that save the College money such as paying down the mortgage when the opportunity arose.

The ongoing objective to maintain sufficient balance sheet health protects the College's interests by enabling us to focus on the stability and continuity of day-to-day operations. Regulators routinely set aside a number of months' worth of operating expenses or a predetermined dollar amount as a rule of thumb. The current restricted cash balance is \$4.0 million.

# Sources of Restricted Cash

2012 fee stabilization balance

**\$457,000**

Property tax and GST/HST recovery contribution

**\$2,977,000**

2015 operating budget surplus

**\$2,611,897**

2016 operating surplus

**\$906,061**

2018 operating reserve draw

**(\$629,523)**

2020 restricted cash balance

**\$4,010,433**

2013 operating budget surplus

**\$255,000**

2014 operating budget surplus

**\$2,303,000**

2016 mortgage prepayment

**(\$1,849,048)**

2017 operating budget surplus

**\$711,513**

2019 operating reserve draw

**(\$3,732,467)**

# College Elections

Council Elections	2019 Actual	2020 Budget	2020 Forecast	2021 Budget	Increase / (Decrease)
Council Elections	-	\$105,000	-	\$ 286,500	\$ 181,500
Total	-	\$105,000	-	\$ 286,500	\$ 181,500

### Council Elections

By January 2021 the nomination process will be complete with all candidates confirmed. Candidate information required under the regulation will be shared with College members in the March issue of the magazine and online ahead of the voting period running from March 8 to April 12. Audited election results will be shared online, via the College’s e-newsletter *Your College & You* and in the June issue of the College’s magazine.

The 2021 budget allocation includes a request for \$286,500 as follows:

- \$218,000 to cover the costs of the election related pages in the magazine (layout and design, printing and postage), translation, web design and posting of candidate material and the results of the election as required by regulation.
- \$12,000 for initiatives approved by the Governance Committee designed to increase voter participation including ads in stakeholder publications, posters and promotional material
- \$56,500 to cover enhancements to the voting application which determines the ballots received by members, voting application security monitoring during the election period and the cost of engaging auditors to validate the process and results.

# Council and Committees

Council and Committees	2019 Actual	2020 Budget	2020 Forecast	2021 Budget	Increase / (Decrease)
Council	\$ 451,502	\$ 520,370	\$ 350,000	\$ 607,970	\$87,600
Chair of Council	\$ 253,745	\$ 290,500	\$ 245,610	\$ 290,500	-
Total	\$ 705,247	\$ 810,870	\$ 595,610	\$ 898,470	\$87,600

## Council and Committees

Funding is provided for Council members to attend meetings. The budget is based on a standard rate of \$1,150 per day, including return travel costs, one-day of accommodation, meals and one-day teacher replacement costs. Appointed member per diems and travel costs are recovered from the Ministry of Education. Other costs allocated under this budget include provision for services and equipment directly related to Council meetings. For 2021 a provision has been made for information technology equipment for the new Council.

## Chair of Council

The Chair receives a budget provision for compensation, travel, and living expense.

# Membership Services

Membership Services	2019 Actual	2020 Budget	2020 Forecast	2021 Budget	Increase / (Decrease)
Membership Services Administration	\$ 15,659	\$ 30,800	\$ 27,075	\$ 30,800	-
Evaluation Services	\$ 6,827	\$ 9,900	\$ 8,135	\$ 9,900	-
Member Services	\$ 10,741	\$ 8,800	\$ 8,219	\$ 8,800	-
Membership Records	\$ 12,584	\$ 16,500	\$ 12,800	\$ 16,500	-
Total	\$ 45,812	\$ 66,000	\$ 56,229	\$ 66,000	-

## Membership Services

The funding allocation for membership services relates to membership administration, call center operations, membership records, evaluation activities, meetings and travel expenses for departmental staff members.

# Investigations and Hearings

Investigations and Hearings	2019 Actual	2020 Budget	2020 Forecast	2021 Budget	Increase / (Decrease)
I & H Administration	\$ 16,886	\$ 96,200	\$ 14,200	\$ 101,630	\$ 5,430
Intake & Hearing Activities	\$ 37,764	-	-	-	-
Investigations Activities	\$ 116,753	\$ 100,000	\$ 75,000	\$94,570	(\$ 5,430)
Investigation Panels	\$ 87,677	\$ 90,200	\$ 90,200	\$ 90,200	-
Discipline Activities - Professional Conduct	\$ 4,739,108	\$ 3,377,420	\$ 4,261,500	\$ 3,366,420	(\$ 11,000)
Discipline Panels - Tribunals	\$ 464,835	\$ 656,100	\$ 583,230	\$ 669,100	\$ 13,000
Fitness to Practise Activities - Professional Conduct	\$ 554,236	\$ 407,900	\$ 316,710	\$ 392,900	(\$ 15,000)
Fitness to Practise Panels - Tribunals	\$ 48,858	\$ 62,600	\$ 48,300	\$ 75,600	\$ 13,000
Total Investigations and Hearings	\$ 6,066,117	\$ 4,790,420	\$ 5,389,140	\$ 4,790,420	-

## I & H Administration

The administration allocation includes provision for department travel, conferences, meeting and administrative costs. For 2021, \$5,430 has been transferred in from Investigations to consolidate administrative costs under one cost centre.

## Intake and Hearings Activities

The allocation includes training and travel costs for staff involved with complaints related to intake and hearing. This cost centre budget was transferred to I&H administration.

## Investigations Activities

The Investigations budget includes general counsel, expert opinions and consultants, inscription services, staff travel, meetings and materials costs. For the 2021 budget, \$5,430 has been transferred to I&H administration to consolidate administrative costs under one cost centre.

## Investigation Panels

The budget provides for meeting and deliberations costs and for the cost of travel, release time, and food for panel activity equivalent to 30 panels per annum.

## Discipline Activities – Professional Conduct

This allocation represents the largest expenditure for the department and provides for external legal counsel and related legal disbursements. For 2021, \$11,000 has been transferred to Tribunals to fund training.

## Discipline Panels - Tribunals

This allocation provides for release time, panel meeting costs, independent counsel, panel court reporter, witness, expert opinion, simultaneous translation, individual interpreter costs and transcriptions of panel discussions. For 2021, \$13,000 has been transferred in to fund training.

## Fitness to Practise Activities – Professional Conduct

This allocation provides for external legal counsel and related legal disbursements. For 2021, \$15,000 has been transferred to Tribunals to fund training.

## Fitness to Practise Panels - Tribunals

This allocation provides for panel meeting costs, independent counsel, panel court reporter, witness, expert opinion, simultaneous translation, individual interpreter costs and transcriptions of panel discussions. For 2021, \$13,000 has been transferred in to fund training.



# Standards of Practice and Accreditation (SPA)

Standards of Practice and Accreditation	2019 Actual	2020 Budget	2020 Forecast	2021 Budget	Increase / (Decrease)
Administration	\$ 34,863	\$ 62,900	\$ 47,858	\$ 62,900	-
Accreditation	\$ 158,874	\$ 216,360	\$ 175,300	\$ 216,360	-
Standards of Practice and Education	\$ 344,721	\$ 420,940	\$ 224,800	\$ 420,940	-
Total Standards of Practice and Accreditation	\$ 538,459	\$ 700,200	\$ 447,958	\$ 700,200	-

## Administration

Standards of Practice and Accreditation administration budget provides for departmental and stakeholder/faculty/school of education meetings in both pre-service and in-service programs, conferences, training, presentations, travel and administrative costs, and other administrative expenses for policy change and ongoing regulatory development initiatives.

## Accreditation

This budget allocation provides support for anticipated substantial changes or new additions to pre-service programs, as well as travel, release time, honoraria, regulator meetings, panel meetings, orientation/training, and other administrative costs associated with pre-service reviews of teacher education programs to ensure they meet regulatory requirements for accreditation at Ontario faculties of education.

## Accreditation Pre-Service Reviews

Due to the nature of the accreditation work, many reviews start before the year end and finish in the next budget year. Allocation of funds captures the flexibility of pre-service review cycles. The unit is preparing for three full pre-service reviews for renewal of accreditation : Université d'Ottawa French-language programs, Ottawa University English Indigenous teacher education program and Queen's University deferral of review from 2020 to 2021 due to COVID-19.

## Accreditation Program Changes Reviews

As in recent years, there is a possibility that a number of program change applications are anticipated in 2021-2022.

## Standards of Practice and Education

This budget allocation supports education, research and integration of the ethical standards, standards of practice and the professional learning framework within initial teacher education, continuing teacher education and professional practice. Additional Qualification policy development, research and regulatory changes are also included.

The accreditation of Additional Qualifications and ongoing provincial capacity building are also supported in this budget allocation. The collaborative development of standards-based teacher education resources are also included in this budget. The budget also supports travel, release time for members of the profession, honoraria, consultations, meetings, research, program development related to teacher education/practice, and other administrative costs that support the research activities. The unit will be supporting educators as they transition to the new reality created by COVID-19 emphasizing new ways of providing classroom learning; example: on-line learning.

# Office of the Registrar and Finance

Office of the Registrar and Finance	2019 Actual	2020 Budget	2020 Forecast	2021 Budget	Increase / (Decrease)
Registrar	\$ 25,185	\$ 45,000	\$ 22,000	\$ 45,000	-
Deputy Registrar	\$ 37,491	\$ 50,000	\$ 35,000	\$ 50,000	-
Revenue Collection Fees	\$ 351,997	\$ 406,000	\$ 395,400	\$ 406,000	-
Accounting Services and Professional Fees	\$ 121,875	\$ 117,000	\$ 82,000	\$ 117,000	-
Insurance	\$ 69,328	\$ 80,000	\$ 80,000	\$ 80,000	-
Total	\$ 605,876	\$ 698,000	\$ 614,400	\$ 698,000	-

## Registrar

The Registrar funding allocation supports travel, conferences, dues and subscriptions, meetings and administrative costs.

## Deputy Registrar

The Deputy Registrar funding allocation supports travel, conferences, dues and subscriptions, meetings and administrative costs, similar to the Registrar's allocation but reflecting a few more external stakeholder sessions.

## Revenue Collection Fees

This allocation supports service fees for the automated processing of College membership fees and fee collection via credit card transactions. Also included is postage expense for member mailings.

## Accounting Services and Professional Fees

This allocation is required for annual audit fee expense and consulting services associated with accounting systems, payroll services, and bank service fees.

## Insurance

The insurance budget includes general insurance coverage for Liability and Property insurance for the College office premises, Directors' and Officers' liability, and Employment Practices liability insurance.

# Corporate and Council Services

Corporate and Council Services	2019 Actual	2020 Budget	2020 Forecast	2021 Budget	Increase / (Decrease)
Administration	\$ 24,371	\$ 36,500	\$ 28,000	\$ 36,500	-
Transition to Teaching Study	\$ 42,454	\$ -	\$ -	\$ -	-
Human Resources	\$ 165,876	\$ 164,800	\$ 164,750	\$ 164,800	-
Projects and Programs	\$ 216	\$ 50,250	\$ 44,000	\$ 50,250	-
Communications	\$ 3,218,728	\$ 2,989,550	\$ 2,871,195	\$ 2,989,550	-
Policy and Research	\$ 849,297	\$ 1,048,350	\$ 750,000	\$ 1,048,350	-
Business Services	\$ 398,674	\$ 483,000	\$ 373,650	\$ 483,000	-
Information Services	\$ 2,649,133	\$ 3,561,300	\$ 3,561,300	\$ 3,561,300	-
Total	\$ 7,348,749	\$ 8,333,750	\$ 7,792,895	\$ 8,333,750	-

## Administration

The administration allocation includes provision for travel, training, conferences, consulting services, and meeting and administrative costs.

## Transition to Teaching Study

The Transition to Teaching study focuses on job search approaches for teaching graduates and demographic analysis, surveying and trend identification in the educational sector. Responsibility for this work effort was transferred to the Project and Programs budget in 2020.

## Human Resources

This allocation provides for recruitment advertising, HR management training, and professional services for employees.

## Projects and Programs

The Projects and Programs unit leads and manages projects and activities in support of organization-wide deliverables. Project work includes the coordination of College staff and resources to enable the development, launch

and operationalization of new or one-time initiatives. Also included in this budget envelope is funding for the *Transition to Teaching Study*.

## Communications

The budget provides for advertising, media relations, and translation services for the College. Communications leads the design and printing of the quarterly magazine, the annual report, the Certificates of Registration and Qualification and a variety of program area documents and educational materials. The College uses communications materials to publicize annual meetings, annual reports, notices of nomination and election, findings and orders, Council decisions and regulatory requirements. Communications is also responsible for all College paper supplies, forms and documents, printed letterhead, envelopes, stationery items, office supplies, postage and courier services, production centre copiers and mailing equipment, and floor walk-up copiers.

## Policy and Research

The Policy and Research budget allocation includes provision for administrative legal advice, legal costs related to panel and appeal

hearings, consulting, audit fees associated with the Fair Access to Regulated Professions Act (FARPA), annual general meeting and support to Council. It also provides for expenses related to the Executive, Steering, Governance, Quality Assurance, Registration Appeals, Accreditation Appeal and ad hoc committees.

Policy and Research also has an allocation for External Relations that provides for activities that communicate the College mandate and programs to external stakeholders, prospective teachers and to the public. This allocation includes professional advisory presentations, faculty tours and information sessions, conferences, briefing sessions and community events.

The library budget allocation offers the College and its membership services in the area of professional research by providing books, periodicals, research materials and reference services.

### **Business Services**

The budget allocation provides for service contracts, repairs, furniture relocation, supplies and all items associated with occupying the building premises. Also included is the cost of

College record retention and archiving activity, office equipment rentals, repairs and maintenance, and minor equipment purchases. Business Services also budgets for catering operations not chargeable to committees or program budgets, and teleconferencing costs.

### **Information Services**

This budget allocation provides for technical consulting associated with the security, efficiency and overall design of College information networks. Provision is made for Internet access, security monitoring, remote access, remote office link and business continuity and information technology staff for application development projects. Also included in the budget is software acquisition and licensing for College-wide productivity. IT also budgets for minor hardware upgrades to the computer infrastructure and maintenance of equipment. The telephone budget allocation provides for telephone line, outbound long-distance charges and cell phones.



# Human Resources

## Salary Summary

The College staffing count for 2021 remains unchanged at 180.5 FTE.

Salary Summary	2021 Budget
Total - College	\$18,001,455
Variable Incentive Expense	\$479,705
Temp Help, Short-Term Disability, Overtime, Maternity/Paternal Leave	\$363,000
Vacancy Savings	(\$200,000)
Total 2021 Compensation	\$18,644,160
Previous year budget comparator	\$18,163,166
Year-Over-Year Adjustment	\$480,994
% increase from previous year budget	2.6%

## Benefits & Pensions

College benefits are representative of widespread public sector offerings and reflect employer statutory benefit obligations. There is little variance in the year-over-year benefits as a percentage of salaries.

<p><b>\$4,442,597</b> 2019 Actual</p> <p>25.8% of salaries</p>	<p><b>\$4,757,520</b> 2020 Budget</p> <p>26.2% of salaries</p>	<p><b>\$4,895,718</b> 2021 Budget</p> <p>26.3% of salaries</p>
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## Professional Training and Development

The College investment in professional development is budgeted at \$334,630 which represents 1.4% of the 2021 salary and benefits budget. The allocation includes leadership development, French-language training, business application training, cross-cultural training and self-directed professional development.

# Occupancy Costs

Building - 101 Bloor Street West	2019 Actual	2020 Budget	2020 Forecast	2021 Budget	Increase / (Decrease)
<b>Total Occupancy Costs</b>	\$ 1,911,354	\$ 2,146,300	\$ 2,021,100	\$ 2,146,300	-

## Mortgage & Leasehold Loans

The College's mortgages renewed effective July 2020. The balances of the mortgages where renewed as follows: (1) principal: \$ 6,799,765.65 period: 120 months, rate: 3.54% (2) principal: \$, 6,799,765.65 period 60 months, rate 3.04%. The original loan amortizations where 30 years and the renewals now reflect a 20 year amortization period.

## Building Operating Costs

The building operating costs comprise a condo fee covering maintenance, cleaning, hydro, and a contribution to a building service fund to address state of good repair.

## Property Taxes

The budget allocation for property taxes applies to the 8 floors or 81,884 net rentable square feet of occupied space.

	2021 Budget
Interest - Mortgage Loan 1	\$ 198,928
Interest - Mortgage Loan 2	\$ 232,136
Operating Costs	\$ 1,554,242
Property Taxes	\$ 160,994
<b>Total Building Costs</b>	<b>\$ 2,146,300</b>

# Amortization

Amortization Costs	2019 Actual	2020 Budget	2020 Forecast	2021 Budget	Increase / (Decrease)
Total Amortization	\$ 2,186,462	\$ 3,216,378	\$ 2,740,211	\$ 3,197,579	(\$ 18,799)

## Capital Assets

College capital assets provide benefits derived over time. Recording capital assets allows the College to better understand the value and cost of using such assets, which enables better planning and decision-making regarding capital asset acquisition, management, and disposal. The College has an established cut-off limit for the capitalization of assets. Generally, all assets with a cost or contributed fair value greater than \$1,000 are capitalized.

Capital assets are recorded at cost on the date of acquisition. The cost of the asset includes all costs of getting the asset ready for use, including shipping and storage. The cost of any betterment to an asset is added to the cost of the asset if it increases either the service potential of the asset or its useful life.

The cost of a repair that maintains service potential and does not extend the expected useful life of an asset is not added to the cost of the asset.

The method and period of amortization matches the period of service expected to be derived from the asset. A straight-line method is applied to each asset class. The expected useful life of an asset is reviewed and adjusted as required based on changes to original assumptions. Any resulting change in rate of amortization is applied prospectively.

Asset Classes: The College has eight classes of assets with useful life estimates ranging from 3 to 30 years for amortization purposes.

Asset Type	3 Years	4 Years	10 Years	15 years	30 Years
Software	X				
Short Term IT Equipment	X				
General Equipment		X			
Long Term IT Equipment			X		
Building Improvements				X	
Building					X
Computers		X			
Furniture			X		

# Mortgage Capital Payments

Mortgage Capital Payments	2019 Actual	2020 Budget	2020 Forecast	2021 Budget	Increase / (Decrease)
Payment	\$ 761,551	\$ 806,559	\$ 665,728	\$ 498,017	(\$308,542)

## Provides for the capital portion of the annual mortgage payments

Mortgage capital payments are separate from interest expense because they directly reduce the debt principal on the mortgage which increases members' equity in the building. Capital payments reduce the balance of the mortgage and reduce the interest expense for the fiscal period. Over time, a higher portion of the mortgage payment goes toward reducing the mortgage balance.

By owning a building, the College does not contend with the uncertainty of lease increases or the possibility of a premature move. Over time, the asset appreciates in value which compliments the objective of providing a stable financial footing for the College while maintaining fees at reasonable levels.

As of July 1, 2020, the mortgages balances outstanding were \$13,599,530.

## Ownership vs. Leasing

The net gain in revenue raised from selling the building would be a short-term gain only and would end up costing the College more money in the long run. Selling the building triggers several liabilities including a mortgage penalty, moving expenses and retrofit costs at a new facility, plus the potential loss of key staff, and a mortgage payoff. Furthermore, by renting, organizations open themselves up to a higher risk profile as they become much more susceptible to landlord discretion and higher marketplace rents.

## Ownership Costs vs. Leasing Costs

As a benchmark tenants at 101 Bloor Street West are paying \$29 per sq. ft for leased space. If the College was in the same predicament this form of office lease would have cost an additional \$228,000 to the facilities portfolio. Current market office rates vary in the range of \$25 to \$40 sq. ft. The larger challenge is the feasibility of finding adequate space in a tight rental market. As more office space is built in the GTA this scenario could change but is not likely in the foreseeable future.

## Facility Ownership Advantages

The ownership option has permitted the College to accrue more than \$6 million to date in equity in the building. This represents the dollar amount of the building we own outright. Renting over the same period would have resulted in zero equity and a weaker credit position with our banker. The ownership model gives you ultimate control over your space and ensures you are not unduly compromised by the risk associated with a landlord choosing not to renew your lease or not to permit retrofits to the space for business purposes. Although our building is older and not located in a prime commercial office space location, we do have a significant advantage of being in proximity to public transit, Queens Park, and a variety of other regulators who are all located within walking distance from our site.

# 2021 Information Technology Capital

## 2021 Capital Program

The College's investment in Information and Technology capital projects represent supplying productivity tools to Council members and staff and promoting video conferencing capabilities. The selected projects require a total investment of \$820,600.

#	DESCRIPTION	2021 BUDGET REQUEST	ROI	LEGISLATED	MANDATORY UPGRADE	HEALTH & SAFETY	OTHER
1	Annual employee computer and monitor refresh. Mandatory refresh of computers and monitors every four years. This represents 25% of all computers every year.	\$ 141,700			X		
2	Scheduled network, storage, power and security system upgrades. Manufacturer recommended end-of-life replacement of: wifi access panels, network storage, UPS batteries, and security firewall.	\$ 321,700			X		
3	Audio visual upgrade (post COVID). To enhance capability for meetings, remote attendance, video conferencing and collaboration. The upgrade of meeting room spaces as required, such as hearing rooms. The capital cost estimate needs to be determined by issuing a RFP. This is a multi-year project and could cost in the range of \$1 million.	\$ 200,000					X
4	Computer hardware refresh for members of the 9th Council (37). Mandatory refresh of Council laptops every four years. Last computer upgrade occurred over 2015-2016.	\$ 87,600			X		
5	Call center phone system replacement: replace Cisco telephone system for the Call Center with an IP based solution to enhance productivity and integration. A full costing of this project is required by issuing a RFP.	\$ 69,600					X
<b>Information Technology 2021 Capital Total</b>		<b>\$ 820,600</b>					

CAPITAL PROGRAM CATEGORY		PROGRAM CRITERIA
A	Return on Investment (ROI)	Measures the gain on a capital investment relative to the amount of money invested expressed as a percentage (%).
B	Legislated	Relates to a capital investment that is mandatory or required under law/regulation.
C	Mandatory Upgrade	Required due to a change in technology or to address workplace configuration concerns.
D	Health & Safety	Required to address workplace comfort and support, ergonomics, mobility and air quality and temperature related concerns.
E	All Other	Relates to workplace upgrades promoting collaboration and other miscellaneous one of or standalone capital requests.

# 2021 Facilities Capital

The College's 2021 investment in Facilities capital projects aim to ensure workspaces are configured for comfort, productivity, and safety. The selected projects require a total investment of \$300,000.

#	DESCRIPTION	2021 BUDGET REQUEST	ROI	LEGISLATED	MANDATORY UPGRADE	HEALTH & SAFETY	OTHER
6	Post COVID workstation reconfigurations. Modifications to workstations and office space have been implemented to help prevent the spread of COVID -19, additional measure may be required based on feedback from staff and recommendations from Public Health.	\$ 75,000				X	
7	Conversion of existing Type D workstation interiors to sit-stand solution. The number of requests to provide accommodation for special requirements is increasing. These include special height adjustable work surfaces.	\$ 200,000				X	
8	Base building capital repairs: due to wear and tear and age, a number of facility deficiencies and repairs are identified each year that require replacing or capital maintenance.	\$ 25,000				X	
<b>Facilities 2021 Capital Total</b>		<b>\$ 300,000</b>					

CAPITAL PROGRAM CATEGORY		PROGRAM CRITERIA
A	Return on Investment (ROI)	Measures the gain on a capital investment relative to the amount of money invested expressed as a percentage (%).
B	Legislated	Relates to a capital investment that is mandatory or required under law/regulation.
C	Mandatory Upgrade	Required due to a change in technology or to address workplace configuration concerns.
D	Health & Safety	Required to address workplace comfort and support, ergonomics, mobility and air quality and temperature related concerns.
E	All Other	Relates to workplace upgrades promoting collaboration and other miscellaneous one of or standalone capital requests.

# Financial Risk Scenarios

RISK	RESPONSE
<p>The risks related to the uncertainty surrounding case volume and program parameters for cases involving victims of abuse is ongoing.</p>	<p>The financial impacts continue to be funded from internal existing program budgets. The College continues to work with the province to delineate program criteria and impacts.</p>
<p>The risks associated with the COVID - 19 world wide pandemic impacting business continuity, staff and client safety, and the College's financial viability.</p>	<p>The College is closely monitoring federal, provincial, and municipal responses and legislative requirements. A College action plan has been formulated addressing workplace health &amp; safety, productivity, and operational and financial requirements.</p>
<p>The risks related to an IT system catastrophic failure or breach.</p>	<p>The College's critical data is backed up off premises and a disaster recovery protocol exists.</p>
<p>The risk associated with property loss or damage.</p>	<p>The College insures against property loss or damage for full replacement value.</p>
<p>The risk associated with legal action taken against the College's Directors, Officers and Council members.</p>	<p>Directors, Officers, and Council members can access general liability coverage up to \$5 million during a policy year. An excess limit up to \$1 million per year is available to Council members above and beyond our regular coverage.</p>
<p>The risk associated with short-term cash flow requirements and program funding fluctuations.</p>	<p>The College holds financial reserves to supplement funding shortfalls as outlined in the reserve fund policy.</p>



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Budget Briefing Session & Post Session Follow Q & A  
**October 2, 2020**

Introduction and presentation by committee Chair, Diane Ballantyne.

*(The briefing feedback has been classified into three categories: sustainability risk, compensation policies, and revenue & expenses moving forward.)*

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*Legend: Q. refers to questions asked during the briefing session. PSQ. refers to post session questions asked following the session.*

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### **Sustainability Risk**

*Q. You mentioned that the budget is forward looking and you also talked about that there is a draw on the reserve of \$157,138. Looking forward that is not sustainable so what is the Finance Committee doing to ensure that our fees do not go up another 15% in two or three years, given that we are still drawing on the reserves?*

**Diane:** I will turn to Fred to give us a more detailed financial analysis of that.

**Fred:** The question is certainly a valid one. The committee was tasked with looking at various funding models for this year's budget. In terms of remembering that the financial objective of the College is to maintain stable funding and minimize the fees, and look at our resources – what is available to us – and our cost pressures going forward. With those factors combined, we looked at the fee and it wasn't necessary to increase the fee this year. Looking retrospectively as well, the College has gone several years without a fee increase, and then there is a fee increase. Then we proceed several years without a fee increase, and then there is a fee increase. So basically that is what we have been doing in terms of our "ask" and that reconciles to the financial operating objectives of the College. To maintain that stable funding base and to make sure that the fees are aligned with that. The other factor, which is extremely relevant here is our environment. Right now with the worldwide pandemic and looking to understand the impact on our cost drivers, and make sure we don't do anything too nimble this year. Steady as she goes. We are gaining experience on what is happening with COVID. We understand that we have to take steps in terms of capital expenditures around that. We understand that some of our cost drivers are lower than planned so we may be able to build up our reserves. As it is now, we are still in the midst of that. In summary, the plan has been to minimize the fees, going forward \$170. Revisit it next year. And we are doing that, in terms of decision-making criteria, we do have enough in reserve to draw down and to still have a healthy reserve. That was some of the discussion and decision-making that went on at Finance.

*Q. Following up on the question, did the Finance Committee look at the possibility to sustain stable funding? I'm thinking back to last year's discussions when some bozo proposed that we tie the fee increase to the provincial teachers' salary grid to provide*

*stability. So it would be an increase built in annually so that we wouldn't have to increase the fee – jack it up dramatically every few years. Did the committee take a look at that possibility?*

**Diane:** Thanks for that question. Yes, we did look at that. There is a report being generated and we will bring that back to you in the New Year. There has been a scan of the regulatory industry to look at how the fees are dealt with, and the pros and cons of that particular approach. We are going to talk about that in the New Year.

*Q. Supplementary. I notice on page 10 there is an indication of where all the money comes from. I'm just wondering how much income is derived from fines that I'm reading about that are levied by the Discipline Committee. What does the College draw from that?*

**Diane:** There is no income derived from the fines. They are strictly on cost recovery and in some cases, they don't even recover the costs.

*Q. My question is related to page 26, occupancy costs and in the context of assessing risk in the condo fees. I'm wondering if the College has a seat on the board of the commercial condo and maybe just to confirm that that board continues to meet during the COVID times and exercise its duty.*

**Diane:** That's a great question Bonnie. I'm going to ask Fred to respond to that.

**Fred:** Thanks for the question. I sit on the condo board as does Richard. We are both meeting with the condo board and looking at COVID impacts, it's on the agenda and we are meeting regularly and assessing risks. So far we are ahead of the curve, so just to confirm, we are actively engaged on the condo board.

## **Compensation Policies**

*Q. We went through a rigorous exercise this year to ensure that we had a clear and transparent method of allocating base salary increases and bonuses. I don't see that in this budget so I am assuming it will be for next year's budget. My question is a) is that correct? And b) if it is, what are we doing this year so that there is a very clear and transparent process and that there is an approval for any of these salary increases and bonuses?*

**Diane:** If my memory serves me correctly, that process was being completed with the Human Resources Committee at a time when our budget process was already well underway.

To answer the first part of your question, the intention is to implement that in the next year, the next budget cycle. We will be beginning the next budget cycle in the New Year. I'm going to pass the second piece over to Fred.

*Q. How do we ensure there is a very clear, transparent process for base salary increases and bonuses and the process as to improve what's the ask we are approving as opposed to in previous years it was just put in a line item and nobody knew what that increase was. We definitely need to do that at Council so how are we doing that this year?*

**Fred:** Definitely a great question. I just want to reaffirm what Diane is saying. We did meet with the HR Committee in July. They came to Finance and we had a discussion on strategy and compensation and the notion of going out to the wider and broader regulatory sector and other stakeholder comparators. Basically making sure that we are in line and competitive and performance-based in our compensation policy and strategy. So just to reaffirm what Diane is saying, we are in the midst of that and we look forward to the results of that in the 2021 process. This year what we are presenting is the current compensation strategy and policy, what's in place. Just as a refresher on the cost of living or CPI, we look at the greater Toronto area and we set our rates based on that. In terms of due diligence and to be very practical about it, each of the staff receive a CPI increase based on that. It is completely objective. And one step further on that, I reach out to the larger regulators and talk to them and understand what they are doing. Everybody in that large network is using the GTA inflation factor. For this year, it amounts to – and it's moving – so we have in a factor of 1.5. We will most likely adjust that down to 1% because inflation is pegged at 1% and then we pro rate it based on people's anniversary dates. The average staff would receive a CPI increase in their salary of .8%. So, less than 1% has been built into the budget. On top of that, like any organization, there is movement through the ranges, which is another percentage point or so. Then there is bonusing, which adds in one or two points as well. When you look at the start dates across 180 staff, they are all plotted over the map. So if you start earlier in the year in terms of your anniversary date, you accrue more of a percentage increase. If you start later in the year, you accrue less of a percentage increase. But on the average, people are receiving their step increase, they are receiving their bonus and they are receiving the CPI. A lot of the staff have already reached the maximum of their salary band increases so that's not necessarily a cost driver that we face. In terms of bonusing, there is a staff performance-based review, which ties into compensation policy... with their manager and they have to have meet certain criteria and objectives and outcomes. There is a performance discussion and there is an amount that is set for their increase. I hope that's not too convoluted but in summary, we are following the current practice that has been approved and we look forward to the compensation review and what comes of that and applying the impacts of that review as it goes through Council review.

**Diane:** Thank you for that Fred. Just to add to that, when we look at risk to the College, which is what our role is, we are currently in line with the regulatory sector as well as following our own policies. We will, as Fred has also said, welcome the review that the Human Resources Committee will complete to determine how that is going to be implemented in the future.

*Q. Supplementary. Thank you Fred for outlining the process and it is complicated for anyone who is not in compensation. So the bottom line is you are telling me that the base*

*salary increase will be about 2% because you talked about somewhere between 1.5, which may go down to 1%, and then there is a range increase on top of that. So you are looking at 2% and then your bonuses are going to be 2% - is that the bottom line?*

**Fred:** It is convoluted in the sense that if you start in January as an anniversary date, you would accrue the full year. And so if you start later in the year you would accrue less of a percentage. On the average is what I am presenting to you in terms of increases overall. So you do have outliers... [connection lost]

**Diane:** I'm going to give it a shot. To answer your question, what Fred said was that on average, the consumer price index as set at the GTA rate as is common practice within the regulatory sector, is an average of .8%. Then there is the grid advancement as what happens with teachers every year that they are there until they cap out – for teachers it is 12 years. And then there is the bonusing program.

So all of that is what is going to happen this year because that is our policy and until we determine a different policy, which we have begun the process of, that's what we are following for this year.

**Chantal:** Diane, may I just add to Michelle's question. Just to confirm that we are collecting information based on the program that was passed in June so we do anticipate later this fall bringing information to the HRC to continue the exercise and be able to bring you the information after that to the Finance Committee.

*PSQ. Where do employee severance/salary continuance packages appear on the statements?*

**The severances are recorded in the statements under employee compensation.**

*PSQ. Are these payments shown as a single one time payment or is the liability spread over the term of the salary continuance?*

**Severance payments are processed based on the terms and conditions of the settlement which can stipulate a one time lump sum payment or salary continuance. The liability is recorded in the year it was incurred.**

*PSQ. Is the finance committee confident that such financial arrangements are within the range of payments established by Ontario courts for "salary in lieu of notice"?*

**The Finance Committee is not privy to settlement terms and conditions. The College's severance provisions related to terminations without cause are contained in our employment agreement templates which are reviewed cyclically by the Human Resources Committee. When severance agreements exceed the formula provided for in the agreement, the outcomes are always within the scope of what an individual might be entitled to in common law.**

*PSQ. If the college has paid more than the standard, is the finance and audit committee aware of the amount and satisfied that it is appropriate?*

**The Finance Committee is not privy to settlement terms and conditions.**

*PSQ. While I do not think it is necessary for the entire council to be privy to these details, would Council's duty of oversight be met when the F and A committee is informed?*

**The oversight role is performed by the College Human Resources Committee.**

*PSQ. In the absence of a clear policy on this, should your committee seek guidance directly from the college's auditor?*

**The Finance Committee can request feedback from the Auditors on this topic. The External Auditors, (KPMG) review payroll calculations and severances during the annual audit.**

### **Revenues & Expenses Moving Forward**

*Q. Thank you very much. My question was to Diane although Fred did touch on some of this. Have you any idea how costing is going? In other words, are there savings or are there other expenses because we have had to go virtual? I know we don't have the expenses of travel, we don't have the expenses of meals and we don't have some of the other expenses associated with it. I'm just wondering, what the system is now and is there a percentage or something that you could help me with here?*

**Diane: That's a great question and I'm sure that all organizations are looking at that. There is a little bit of both going on. Yes, it is obvious that meals, hotel and travel, that that has completely dropped off but there has also been an increase in technological capacity and equipment that has needed to be purchased. At this point, because it has been six months – I know it seems like a lifetime – it hasn't been in terms of analyzing the financial impact. So at this point it looks like it is probably going to reduce our costs but things are constantly changing so it is hard to give a percentage or even a prediction at this point. Do you have anything to add Fred?**

**Fred: As Diane is saying, it is an organic environment. It is swiftly moving and as you know, the second wave may be upon us and that has its own risks and opportunities as well. Basically, in a nutshell, the cost drivers... revenues are down by 4%. When we hit up against COVID, the College's response was swift. We formed an emergency response team. We got together and we looked at all of the various risks and one of them was financial. We also looked at policy in terms of being humane to our members and membership forgiveness in terms of fees or delays that occurred. That led to a 6% drop in revenue for a period of time when we would have banked the money. As of September 30<sup>th</sup> we are requiring the balance of the fees be collected. There still is \$1.2 million outstanding in revenues this year and we expect to collect that but we are building in a**

forecast to allow for a little bit of recidivism there. And on the cost drivers, as Diane has mentioned some of the usual suspects around gatherings for your in-person, accommodation and food is down. Capital expense is slightly up because of our need to be in compliance with health and regulation in terms of COVID health and safety in the workplace and we are moving toward that. And then this whole notion of what does this mean and how do we learn from it in terms of best practices and moving forward to a different service model that might be a hybrid model. That is something that we need to cost out and understand the costs and benefits of. Certainly overall in a nutshell we expected to be in a surplus this year of about \$990,000. We believe the surplus will be less than that at around \$500,000 but it is still within our band of being able to manage that and be able to understand that we have our risk mitigation around the reserve in the background. So, we are “steady as she goes” right now and we are definitely hyper vigilant on how this is going to play out.

*Q. First of all I just wanted to congratulate the Finance Committee for their work on this and again to say I think this document is really great. It strikes the right balance between providing information about how money is spent but also comparing it to other regulators. On that point, I wanted to say I really appreciated the comparison on page 10 with other regulatory bodies. My only wish would be that that would be carried through the document. One question is a bit of a naive question so apologies for it. There’s a couple of things going on – there’s a budget, a forecast and an actual. We have the 2020 budget, the 2020 forecast and then the 2021 budget, which is what this document is for. Is it based on the forecast or is it based on the 2020 budget? That’s the first question I have.*

**Diane:** I’m going to ask Fred to respond to that.

**Fred:** Good question. In terms of budgeting strategy, we look at those two variables. We look at the 2020 budget. We look at the 2020 forecast and that’s presented but that’s a moving target in the year, so at a point in time in decision-making what changes in the approach to formulating the 2021 budget is how much we end up drawing down on the reserve. So if the strategy is to maintain a certain fee level, then we either have a balanced budget or we draw down on the reserves. We are in the midst of this pandemic, where cost drivers are moving so it has been difficult to nail the forecast down this year – unlike any other year. In summary, we use the 2020 budget, 2020 forecast and it informs the 2021 budget as well as other environmental factors that change the budget’s complexion based on the needs and the College’s strategy.

*Q. If I could just have a quick supplementary. On the members, which is a key variable that many people might be interested in following, it appears you used the 2021 forecast. I’m looking on page 8. Rather than the actuals. Maybe that’s just standard accounting practice but that just seems odd to do something on a projection rather than your empirical data. So if you could address that that would be good. And secondly there is a typo in Table 1.0 where you list the members as 233,346. I think that should be 233, 576.*

**Fred:** I wanted to address the question because it is a good one. What you are referring to is on the revenue side. We definitely use more than just year-over-year to look at

revenue. We are looking at the Transition to Teaching Study, we're looking at what's going on with the Ministry and with our stakeholders, and intakes. So, new members coming on are based on membership graduations. So, there is more to that than just using year-over-year. We are presenting a flat line scenario but it is based on more than just last year's budget or this year's forecast. We do look at the Teacher Study and what is going on in the sector, how many teachers are anticipated to retire, who is coming in, what's going on with foreign teachers coming in, inter-provincial transfers in. There is a forecasting model that looks at these variables and sets that.

*Q. Just to be clear, in Table 1.0 where it says "Members" that's a new number. Is that just a typo or is that the number that people should take away as the number of members in the College?*

**Fred:** I'm on page 9 and I'm looking at the 2021 forecast for new members – 5,946...

**Diane:** He is on page 8 actually Fred. He is saying that the bar graph number is different than the OCT chart at the bottom of the page. One says 233,346...

**Fred:** Good point. What was happening is this chart is a year stale-dated. We are still receiving the inputs to refresh it over the current year and so in terms of regulators getting back with their information... COVID has really thrown a wrench in the works. This chart still needs to be refreshed by one year. I left it in here for comparison purposes. The story is still the same, that in terms of the regulatory sector we are very large. We have a very good staff to operating budget ratio. We continue to lead that in terms of efficiency but the information is one year stale-dated. I attribute that to COVID in terms of people getting back to us in a timely way but we should have the data updated by December to refresh that chart.

**Diane:** You can look for that edit in the December budget. If there are no further questions, we will ensure to review anything that you send to me via email before the 16<sup>th</sup> of October. Then we will get that information back to you and we will use that to tweak the existing content and present a finalized budget.

*PSQ. The member numbers in the finance report don't agree with those in the registrar's report, which reflects a considerable increase; as well, the OCT should anticipate an increase in fees collected as per the call out to retired teachers to return to the profession temporarily—how many 'answered the call'? If the number is significant, the amount of fees collected will likewise be significant.*

**Fred:** The finance report numbers are designed to represent the actual number of members who have paid fees at a point in time. Whereas the Registrar's report contains member statistics outlining member statuses that reflect a running tally over time. As of September 30<sup>th</sup> for the year 2020 there were 413 reinstatements. So far the dollar impact is insignificant but we can monitor this item.

**PSQ.** *The revenue from ‘cost recovery’ from DC tribunal decisions should be noted; even if this revenue is ‘deducted’ and included in the cost item of the tribunals—it needs to be noted somewhere.*

***This cost includes the amount of fines levied, which are deducted from the total. The College is required under the OCTA to return any revenue generated by fines ordered by a panel of the Discipline Committee to the provincial treasury. The College is only entitled to retain the proceeds from cost orders. This revenue from tribunals decisions is reflected in the I&H department. This source of revenue generation is not significant amounting to < \$25,000 per annum.***

Thank you very much for your participation and attention.



Ontario  
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Ordre des enseignantes  
et des enseignants  
de l'Ontario

# Council Brief Fee Setting Strategies

Factors Influencing Fee Adjustments in the Regulatory Field  
December 2020



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# Preface

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## Fee Setting

College Council passed a motion as follows:

**“That Council direct the Finance Committee to produce a report for Council on the strengths and weaknesses of yearly membership fee increases and report back to Council.”**

This paper examines the strengths and weakness of annual fees adjustments. Critical to the review and analysis was the collection of a 10 year history of fee setting practices amongst key regulators. The College reached out to a representative sample of 19 regulators in Ontario to solicit feedback on approaches and practices employed to set fees. A comprehensive data set was submitted by 4 key regulators reflecting a sample of the larger population.

**... fee setting practices amongst key regulators proved to be very similar ...**

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## **Executive Summary**

An examination of fee setting practices at the Ontario College of Teachers, Ontario College of Nurses, Royal College of Dental Surgeons of Ontario, and the College of Physicians and Surgeons of Ontario was undertaken to assist in better understanding factors that influence fee adjustments. Each of these regulators provided a 10 year annual membership fee history and the rationales for fee adjustments.

While the implementation of an annual fee increase would support the notion of addressing rising costs. The research shows that fee adjustments are better under girded by performing a financial and operational review that examines the merits of a fee increase annually. It is recommended that careful annual consideration of the College's financial position, an assessment of financial reserves, and annual membership forecasting are better indicators in a decision making framework. All the regulators in this review applied a needs based approach and only adjusted fees when their financial position required additional revenues.

# Annual Membership Fees

## Fee Setting Approaches

Examining the practices of a few key regulators and their approaches to fee setting helped to inform options and practices to future fee setting alternatives for the Ontario College of Teachers. In all cases the regulators in the sample group placed significant emphasis on the size and predictability of their membership as the main determining factor when contemplating fee adjustments.

Each regulator including OCT went for several years before adjusting annual membership fees. In fact there was a low degree of volatility when it came to comparing year over year changes to fees. None of the regulators chose to implement an annual fee adjustment for inflation.

Over the 10 year annual membership fee history none of the regulators implemented automatic annual fee increases. Instead all of them applied a needs based approach and only adjusted fees when their financial position required additional revenues.

When surveyed the group of regulators confirmed that although they did not adjust fees on an annual basis they did revisit the fees to ensure there was adequate funding which invariably came from a combination of annual revenues and reserves.

... examining the practices of key regulators and their approaches to fee setting will help to inform options ...

## Membership Fee Setting 10 Year History of Fees

Annual Membership Fee	OCT	CNO	CPSO	RCDSO
2020	\$ 170	\$ 270	\$ 1,725	\$ 2,435
2019	\$ 150	\$ 270	\$ 1,725	\$ 2,360
2018	\$ 150	\$ 200	\$ 1,725	\$ 2,160
2017	\$ 150	\$ 190	\$ 1,625	\$ 2,160
2016	\$ 150	\$ 155	\$ 1,595	\$ 2,160
2015	\$ 150	\$ 155	\$ 1,570	\$ 2,160
2014	\$ 150	\$ 155	\$ 1,570	\$ 2,035
2013	\$ 138	\$ 155	\$ 1,550	\$ 1,760
2012	\$ 138	\$ 155	\$ 1,530	\$ 1,760
2011	\$ 120	\$ 117	\$ 1,485	\$ 1,760

## Membership Fee Setting Fee Setting Rationale

Comparison chart outlining the rationales for fee setting among regulators:

Determinants of Annual Membership Fee	OCT	CNO	CPSO	RCDSO
Review the fee rate each year	✓	✓	✓	✓
Adjusted each Council term				
Set based on membership volumes	✓	✓	✓	✓
Set based on new expenses or rising cost	✓	✓	✓	✓
Set based on new capital requests such as updating systems infrastructure	✓	✓	✓	✓
Impacted by reserve draws	✓	✓	✓	✓
Changes in legislation or mandate	✓	✓	✓	✓

## Membership Fee Setting Annual Fee Setting Concluding Remarks

Automatically setting fee increases annually is not the current practice of the Ontario College of Teachers nor is it the practice of any of the regulators in this comparison study. Regulators most consistent feedback was that automatically adjusting fees annually did not take into consideration the factors influencing revenue and expenditure levels. On a positive note each regulator did examine the prospect of an annual fee increase each year but only after reviewing financial reserves and membership levels. In all cases over this 10 year study of fees no regulator implemented an annual membership fee adjustment.

The regulators in question did not apply an automatic annual fee increase because doing so would not achieve the intended effect of balancing the annual budget. As noted in the 10 year fee history chart regulators tend to only adjust annual membership fees when membership volumes, budget pressures, and financial reserves require a fee adjustment.

... in all cases the regulators in question had no plans to apply an automatic annual fee increase ...



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