DECISION ITEM

BOARD/COMMITTEE:	**BOARD OF DIRECTORS**
MEETING DATE:	**APRIL 29, 2026**
AGENDA ITEM:	**2026-27 Budget**
SPONSOR:	**Finance Committee**

RECOMMENDATION

The Finance Committee recommends that the Board approve the 2026-27 Budget.

SUMMARY OF KEY ISSUES:

- The 2026-27 Budget is the first one to incorporate the terms and conditions of RODS' new three year funding agreements with the IRCC.
- The Budget forecasts a 2-3% decline in total revenue, which includes a reduction of 9% in support from the IRCC. The base funding incorporated into the three year funding agreement shows further declines in IRCC revenue of 11% for 2027-28 and 13% for 2028-29. The 2028-29 IRCC funding is anticipated to be 44% below 2023-24 levels. If inflation is taken into account, the decline in IRCC funding from 2023-24 to 2028-29 is approximately 50%.
- RODS made several staffing reductions in the fourth quarter of 2025-26 in preparation for the reduced funding level in the new contracts. RODS anticipates that further cuts are likely in 2027-28 and 2028-29. In other words, staffing levels are in the process of being "right sized" to reflect the funding levels being forecasted.
- The 2026-27 Budget incorporates a 3% across the board salary increase that was approved by the Board on March 25, 2026. In addition, the 2026-27 salary grid includes an additional two steps. **In aggregate, these two changes mean that employees who are not at the top of their salary range will receive a lift of 5% effective April 1, 2026.**
- The implementation of more restrictive immigration policy is resulting in materially fewer government assisted refugees being admitted to Canada. This means that RODS needs to demonstrate exceptional operational flexibility for the foreseeable future.
- The Budget does not reflect the potential move of the daycare to a new location. The Finance Committee monitors this situation and acknowledges that the uncertainty associated with it means that their exclusion from the Budget is

appropriate and is an item to be considered separately when further information becomes available.

- The Budget does not incorporate the impact of capital spending needed to revitalize the Smith Street property. Capital spending will be reviewed by the Board as a separate item.

BACKGROUND AND ANALYSIS:

A highly consolidated version of the Budget and results and forecasts for other years appears below:

Proposed Budget and Near-term Forecasts

(in thousands of dollars)

	2028-29 Forecast	2027-28 Forecast	2026-27 Budget	2025-26 Unaudited	2024-25 Audited	2023-24 Audited
REVENUE						
Federal Government	**5,043**	**5,799**	**6,502**	7,140	8,086	8,938
Provincial Government	**2,748**	**2,748**	**2,748**	2,200	3,229	2,967
Daycare	**1,200**	**1,200**	**1,200**	1,087	109	129
Other funding	**258**	**258**	**258**	528	1,141	754
Donations	**50**	**50**	**50**	60	58	64
Interest	**80**	**80**	**80**	50	72	74
Miscellaneous	**532**	**532**	**532**	575	90	90
	9,911	**10,667**	**11,370**	11,640	12,785	13,016
EXPENSES						
Wages	**7,201**	**7,642**	**7,989**	8,219	9,321	9,163
Rent	**0**	**0**	**1,595**	1,321	1,155	1,031
Operations	**2,984**	**3,084**	**1,753**	2,020	2,233	2,575
Smith St. Amortization	**112**	**112**	**112**	0	112	112
	10,297	**10,838**	**11,449**	11,560	12,821	12,881
ACCOUNTING SURPLUS/(DEFICIT)	**-386**	**-171**	**-79**	**80**	**-36**	**135**
Amortization expense (net)	**146**	**146**	**146**	120	186	228
CASH SURPLUS/(DEFICIT)	**-240**	**-25**	**67**	**200**	**150**	**363**

Revenue

Appendix A provides an illustration of RODS' revenue since 2005. The high level of uncertainty regarding the quantity and circumstances of newcomers in the short and medium term is reflected in projected declines in base level funding.

Expenses

As usual, salaries and benefits account for approximately 75% of RODS' operating costs.

As a service provider, RODS is only as good as its staff. Thus, employee compensation is a key success factor for RODS.

The recently signed three year agreements provide funding increases of 3% per year to range maximums, with growth of a further 2% per year for employees who have not reached the top of their range.

Appendix B contains two graphs that show the evolution of RODS' compensation over the 20 years ending April 1, 2028. The recently completed five year contracts were a very dark time for compensation at RODS and across the sector. This has been somewhat remediated in the new three year agreements, but the Board will have to remain mindful of the value proposition that RODS is providing to its staff.

Capital

The 2026-27 Budget assumes negligible capital expenditures of $58,000. RODS' capital assets consist primarily of the Smith Street land and building. Small amounts of office furniture and information technology equipment are maintained however capital expenditures pertaining to these amounts should be nominal.

Other

- The 2026-27 Budget includes $20,000 dedicated to Board development. Prior to 2025-26, the Board had not prioritized its development, and any continuing education was funded on an ad hoc basis by taking funds from other budget areas. The establishment of a budget for Board development demonstrates the Board's commitment to continuous improvement. **Material capital costs MAY be incurred to refurbish the Smith Street building in 2026-27**, however this decision is separate from this budget document.
- The 2025-26 Budget does not include the impact of the proposed property sales nor the expected move and expansion of the daycare at Woodbine Place. These items are difficult to quantify at this point, and are not expected to materially change the short term fiscal outlook.

ALTERNATIVES:

Approve any amendments to the Budget that the Board chooses to propose. Any amendments proposed must be mindful of the fact that salaries and benefits for staff were already approved on March 25, 2026 and that rent costs for the Donahue Building are governed by an existing lease agreement. Together, these amounts account for approximately 85% of RODS' expenditures.

ADVANCED CONSULTATION: N/A

COMMUNICATION STRATEGY: N/A

REQUIRED APPROVAL:

Board of Directors

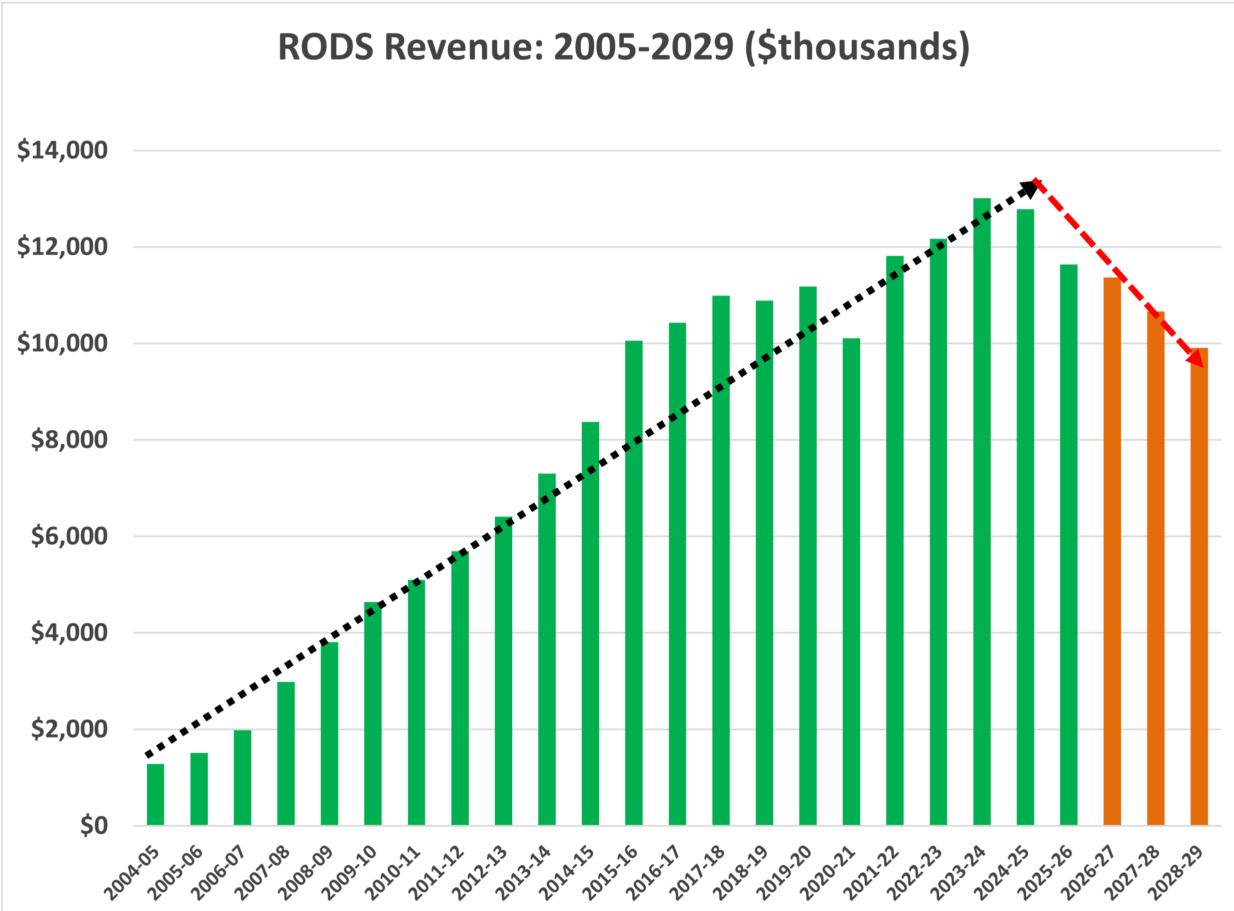
STRATEGIC ALIGNMENT:

- 3.1.1 maintain core expenses within predictable means

TIMEFRAME/CONSEQUENCES OF DEFERRING DECISION:

Delaying a decision will mean that RODS' management will have to make resource allocation decisions based on prior year data until new authority is provided by the Board.

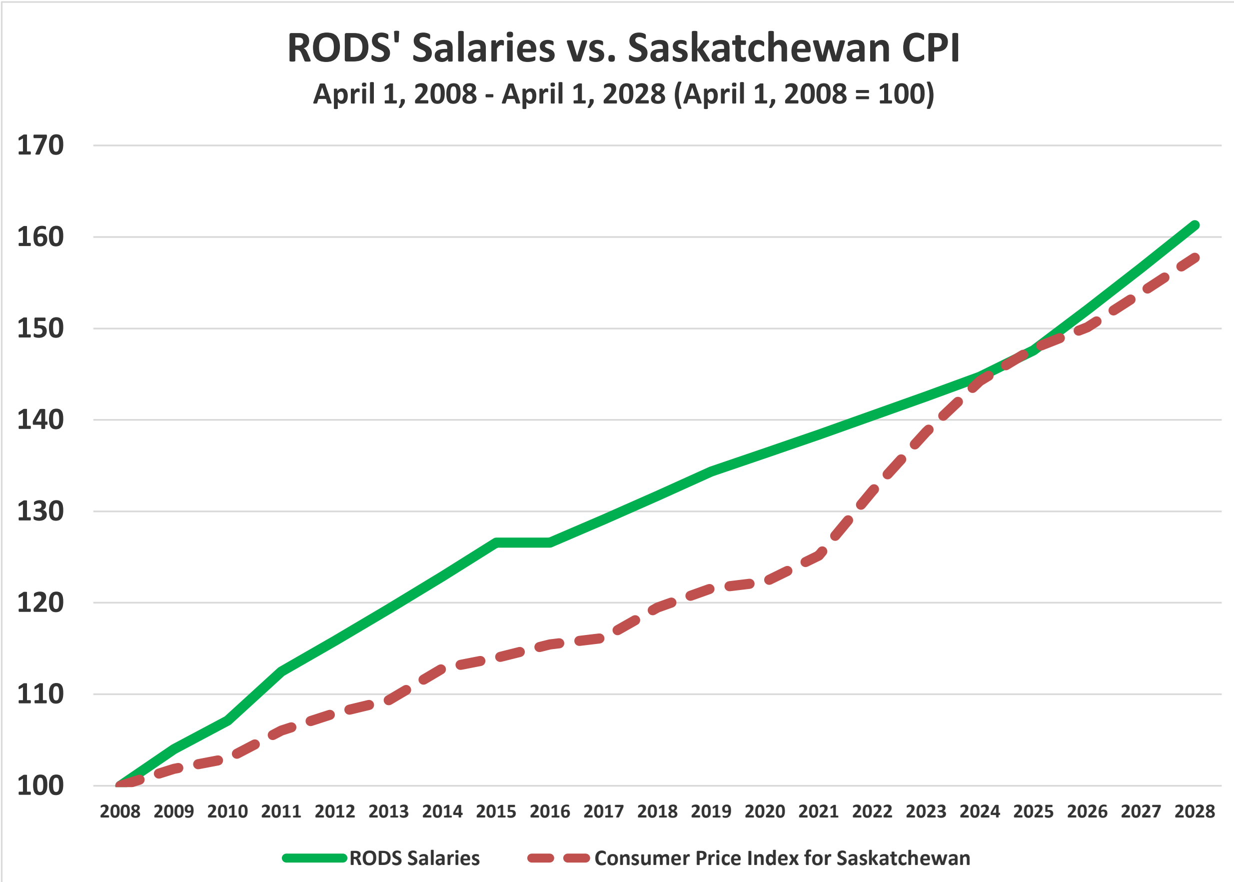
APPENDIX A – HISTORY OF RODS' REVENUE



Conclusions:

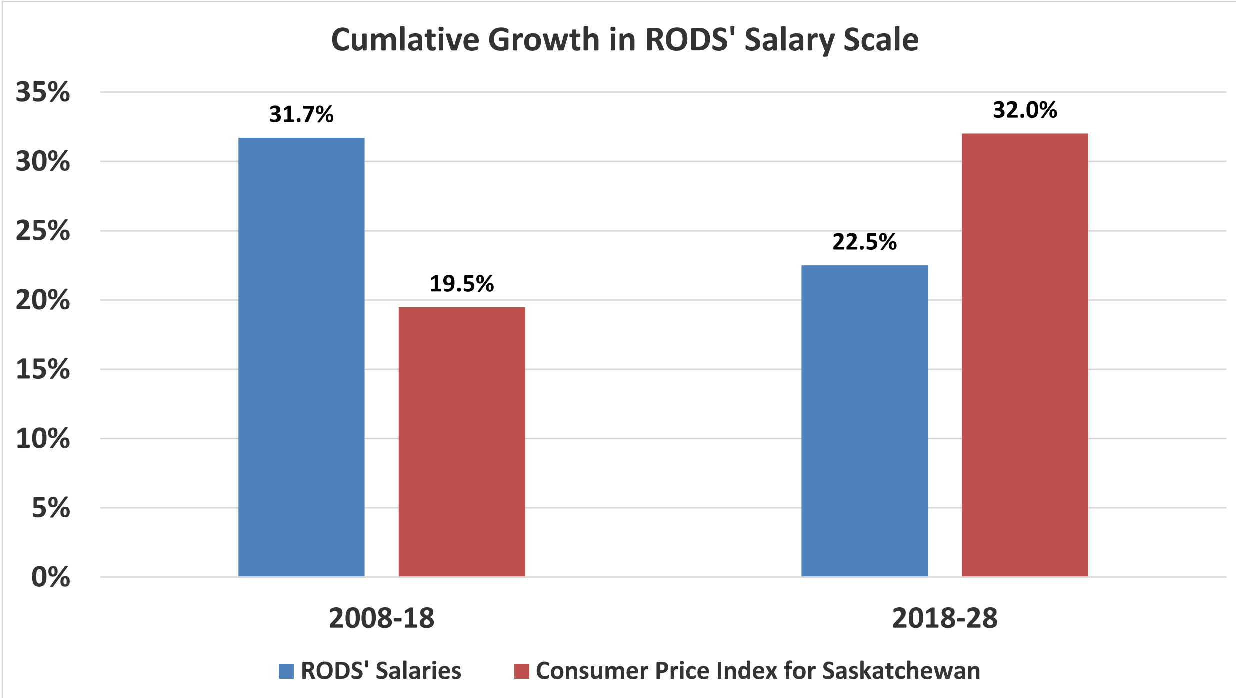
- RODS' 2026-27 revenues are expected to be approximately 3% than in 2025-26 and 11% below 2024-25. Further declines in 2027-28 and 2028-29 have been incorporated into the new three year contract proposals from the IRCC.
- Given the above average level of uncertainty in the current environment, RODS will continue to need to demonstrate flexibility in the size of its work force and in the scalability of its physical facilities.

APPENDIX B – THE HISTORY OF RODS' SALARIES



Conclusions:

- From 2008 until COVID, RODS made significant progress in offering salary increases that exceeded inflation in Saskatchewan. This reflected a conscious strategic decision by the Board to improve the competitiveness of RODS' compensation package following an extended period of wage freezes (note: the Saskatchewan Pension Plan participation was initiated during this period).
- surged during the pandemic **The five year contracts that RODS signed with the IRCC effective April 1, 2020 contained very low salary growth (1.5% per year), which proved to be very unfair to staff when inflation**. The gains that had been won prior to the 2020 contract have been lost, and RODS' staff are in approximately the same position as they were in 2008, after accounting for inflation.
- The disparity in wage growth between the two ten year periods is captured in the graph on the following page.



Until recently, RODS could offer employees decent job security, however this now is also eroding with federal funding cuts in response to changes to immigration policy. The impact of inadequate wage increases in recent years is presumably already baked into the current staffing situation (i.e. people who may have been inclined to leave for better wages have likely already done so), however the Board must remain mindful of this situation.