



## EXECUTIVE REPORT TO STANDING COMMITTEE

**TO:** Standing Committee

**FROM:** John Malloy, Director of Education

**DATE:** May 20, 2014

**PREPARED BY:** Stacey Zucker, Superintendent of Business and Treasurer  
Denise Dawson, Manager of Budget Services

**RE:** **2014-15 Budget Estimates**

Action

Monitoring

### Recommended Actions:

1. That the Board approve the 2014-15 Salary and Benefit expenditures in the amount of \$460,699,802 and that the Superintendent of Business and Treasurer be authorized to proceed with the expenditure of funds as outlined in Appendix B dated May 20, 2014.
2. That the Board approve the 2014-15 Non-Salary expenditures in the amount of \$64,000,385 and that the Superintendent of Business and Treasurer be authorized to proceed with the expenditure of funds as outlined in Appendix B dated May 20, 2014.
3. That the Board approve the 2014-15 Capital Budget expenditures in the amount of \$72,800,936 and that the Superintendent of Business and Treasurer be authorized to proceed with the expenditure of funds as outlined in Appendix C dated May 20, 2014. The Superintendent of Business and Treasurer is further authorized to secure short-term financing of project expenditures until such time as permanent funding is secured, if required.

The following appendices provide information regarding the 2014-15 Budget:

|            |   |
|------------|---|
| Appendix A | 2014-15 Enrolment Projection Summary                                |
| Appendix B | 2014-15 Operating Budget: Summary of Revenues and Expenditures      |
| Appendix C | 2014-15 Capital Budget  |
| Appendix D | Key Parameters/Assumptions to Guide 2014-15 Budget Development      |
| Appendix E | Consultation on the 2014-15 Budget Priorities – Summary of Findings |

### Rationale/Benefits:

The Hamilton-Wentworth District School Board (HWDSB) is financially responsible with a clear focus on providing the system with the resources and supports necessary to support our *Strategic Directions 2009-2014* and the *Annual Operating Plan*. The budget presented for the 2014-15 school year reflects this approach.

Our Strategic Directions focus on Achievement Matters, Engagement Matters and Equity Matters. Our commitment is that all of our students will achieve their full potential. Our budget aligns our resources to fulfill this commitment. Our focus remains to ensure that all students are reading effectively by the end of grade 1. We will continue to provide supports to our schools which help all staff understand how to provide the instruction that will allow each student to succeed. We will continue to expand program opportunities through our program strategy so that students may be engaged in their learning and we will provide learning opportunities for each student based upon their interests and abilities. By aligning our resources through this budget in support of our strategic directions and our annual operating plan, we do believe that all students will achieve their full potential.

**Highlights:**

The following are the key highlights of the 2014-15 Budget:

- Alignment of resources with the Board's approved Strategic Directions has been achieved
- The Board approved listing of Board Priorities has influenced the development of the 2014-15 budget.
- Compliance with all Ministry class size and other regulatory requirements have been achieved (i.e. the 2014-15 Preliminary Operating Budget is balanced.)
- The Board incorporated budget reductions related to:
  - Declining enrolment
  - School closures
  - Efficiencies as a result of moving from five administrative facilities to one.

**Background:****Overall**

The fiscal year for all School Boards in Ontario runs from September 1 to August 31. The basic legislated financial requirements of a School Board are to develop and maintain a balanced budget and be in compliance with the Ministry of Education basic enveloping requirements. The 2014-15 Preliminary Operating Budget meets these requirements.

**Process**

HWDSB's Finance Committee has been working towards bringing forward a balanced budget which meets the requirements of the Ministry as well as aligns with the strategic directions of the Board. The Finance Committee usually meets on a monthly basis but began meeting on a weekly basis on March 5, 2014 to review all aspects of the 2014-15 Budget Estimates. At the same time, the following reports were brought forward to the Standing Committee for approval:

- January 20, 2014 Action report regarding "Approval of Key Parameters/Assumptions to Guide 2014-15 Budget Development" (Appendix D).
- March 24, 2014 Action report regarding "Identification of Board Priorities to Guide 2014-15 Budget Development".
- April 14, 2014 Action report regarding "2014-15 School Based Staffing".
- May 12, 2014 Action report regarding staffing matters.

In addition, the preliminary special education budget for 2014-15 was shared with the Special Education Advisory Committee on April 30, 2014.

The key objective of the Budget Development Process is to align the allocation of resources with the Strategic Directions of the Board and the Annual Operating Plan, identify school based staffing requirements; identify budget challenges and opportunities, and the development of key messages to be included in the communication plan. In addition, throughout the process, the development of the budget has been influenced and informed by the Board approved listing of Board Budget Priorities.

**Budget Priorities and Public Consultation**

As part of HWDSB's commitment to be accountable to its community stakeholders, the Board informs its stakeholders of its budget for the upcoming school year to show how it uses its resources wisely, efficiently, effectively and equitably. As discussed at the March 24, 2014 Standing Committee, the Board consulted with the public for a period from January 30/14 to March 2/14 regarding the six agreed-upon budget priorities:

- Early Years Strategy
- Improving Mathematics
- Program Strategy
- School Revitalization
- Special Education and Student Supports
- 21<sup>st</sup> Century Learning

A summary of the results of the consultation are attached as Appendix E. The Board used the results to assist in the preparation of the 2014-15 Budget Estimates.

**Enrolment (Appendix A)**

The Ministry of Education allocates funding to School Boards using a model that is based on enrolment and the needs of students in each board. Enrolment is based on Full-Time Equivalent (FTE) enrolment for October 31<sup>st</sup> and March 31<sup>st</sup>. These two fixed-in-time FTE enrolment values are combined to produce the annualized Average Daily Enrolment (ADE). HWDSB enrolment projections are based on historical enrolment trends and student retention rates on a school by school basis. These enrolments are reviewed by the school administration and adjustments are made if required.

An estimated ADE of 34,283 elementary students has been used to develop the 2014-15 Budget Estimates which is an increase of 665 ADE or 1.98% from the 2013-14 Revised Estimates. This increase is mainly a result of the final implementation of Full-Day Kindergarten (FDK) in 2014-15 as prior to FDK, kindergarten students only represented 0.5 FTE and now represent 1.0 FTE. An ADE of 15,175.25 has been estimated for secondary students, a decrease of 676.25 or 4.27% from the 2013-14 Revised Estimates. This is consistent with the decline in enrolment that the Board, and the Province, has been experiencing over the past 12 years. The overall projected ADE is 49,458.25 which represents a 0.02% decrease from the 2013-14 Revised Estimates.

**Operating Revenue Projections (Appendix B)**

The Ministry of Education's Electronic Financial Information System (EFIS) forms have been used to calculate the Grant for Student Needs (GSN). 99% of total operating revenue comes from the Province through the GSN. The 2014-15 GSN is estimated to be \$519.2 million which is an increase of \$16.1 million or 3.2% over the 2013-14 Budget Estimates. A summary of the changes in the GSN was provided at the April 14, 2014 Standing Committee meeting. The main reason for the increase in GSN funding for HWDSB is the funding of a 1% increase in elementary teacher salary in accordance with the Memorandum of Understanding (MOU).

The remaining \$5.5 million in operating revenue comes from other Ministry grants and miscellaneous revenue. This amount is consistent with prior years.

**Operating Expenditure Projections (Appendix B and B-1)**

The operating expenditures are projected to be \$524.7 million, an increase of approximately \$16.1 million or 3.17% from the 2013-14 Budget Estimates.

Operating expenditures include a salary component (approximately 88%) and a non-salary component (approximately 12%).

The operating expenditures budget has been increased for a number of reasons including:

- Required increases for transportation, leases and other known fixed increases.
- Increases to salaries in accordance with the MOU (funded by the Ministry).
- Additional staffing for full day kindergarten.
- Increases to temporary assistance to reflect increased usage as a result of the changes to the sick leave benefits in the Memorandum of Understanding (MOU).

The operating expenditures budget has also been decreased for a number of reasons including:

- To reflect decreases in expenditures as a result of declining enrolment.
- To reflect the operating savings as a result of school closures.
- To reflect the operating savings as a result of efficiencies to be realized from consolidating administrative facilities from five separate facilities into one.

**Capital Budget (Appendix C and C-1)**

Each year, the Board prepares a capital budget based on the capital projects expected to be completed during the year. These projects are either funded by the Ministry of Education through various capital grants or by the Board through proceeds of disposition of surplus properties. In 2014-15, the Board is projected to spend approximately \$64.7 million on capital related projects.

In addition, the Board will pay interest on debentures for previous capital projects in the amount of \$8.1 million. This amount is fully supported by the Ministry through the GSN.

**Conclusion**

The Budget Estimates reflect the projected funding and proposed expenditure needs for 2014-15.

Once information on actual enrolments becomes available, it is likely that budget revisions will be required. The Ministry requires the submission of Revised Estimates, in December 2014, based on actual October enrolment and funding from the Province will be adjusted to reflect any changes. In addition, the Ministry continues to announce other Provincial operating grants and these will be included along with the corresponding expenditures.

It is also important to note that this budget is based on staff's interpretation of the best known information regarding labour matters at this time and will likely change once all labour issues are resolved. Any revenue and expenditure effects will be included in the Revised Estimates in December 2014.

Attach.

## Hamilton-Wentworth District School Board

## 2014-15 Budget Estimates

## Enrolment Projections

|                                   | 2013-14<br>Revised<br>Budget | 2014-15<br>Budget<br>Estimates | Increase<br>(Decrease)<br>ADE* | Increase<br>(Decrease)<br>% |
|-----------------------------------|------------------------------|--------------------------------|--------------------------------|-----------------------------|
| <b>Elementary</b>                 |                              |                                |                                |                             |
| Full Day Kindergarten             | 5,310.00                     | 6,557.00                       | 1,247.00 ^                     | 23.48%                      |
| Primary                           | 10,902.00                    | 10,375.00                      | (527.00)                       | (4.83%)                     |
| Grades 4 -8                       | 16,754.00                    | 16,724.00                      | (30.00)                        | (0.18%)                     |
| Special Education                 | 652.00                       | 627.00                         | (25.00)                        | (3.83%)                     |
| <b>Total Elementary Enrolment</b> | <b>33,618.00</b>             | <b>34,283.00</b>               | <b>665.00</b>                  | <b>1.98%</b>                |
| <b>Total Secondary Enrolment</b>  | 15,851.50                    | 15,175.25                      | (676.25)                       | (4.27%)                     |
| <b>Total Enrolment</b>            | <b>49,469.50</b>             | <b>49,458.25</b>               | <b>(11.25)</b>                 | <b>(0.02%)</b>              |

## NOTES

\* Average Daily Enrolment (ADE) is calculated based on the existing two count dates (October 31 and March 31) within the board's fiscal year. The full-time equivalent of pupils enrolled will be weighted at 0.5 for each of the count dates,.

^ 2014-15 is year 5 of 5 in the implementation of Full Day Kindergarten. For enrolment purposes, this means that those pupils are now counted as 1 FTE each. Prior to Full Day Kindergarten, JK and SK pupils counted as a 0.5 FTE each. This makes the Board's ADE look like it is increasing more than it really is when strictly looking at the number of pupils. It is expected that we will go back to seeing a decrease in Full Day Kindergarten pupils in 2015-16.

## Hamilton-Wentworth District School Board

## 2014-15 Budget Estimates

## Summary of Revenues and Expenditures

|   | 2012-13            | 2013-14            | 2014-15            | Inc (Dec)         |                 |
|---|--------------------|--------------------|--------------------|-------------------|-----------------|
|   | Actuals            | Approved Budget    | Budget Estimates   | Over 2013-14      | Approved Budget |
|   | \$                 | \$                 | \$                 | \$                | %               |
| <b>Revenues:</b>                        |                    |                    |                    |                   |                 |
| Grants for Student Needs                | 526,076,768        | 503,150,450        | 519,223,136        | 16,072,686        | 1               |
| Other Ministry Grants                   | 1,598,617          | 1,850,000          | 1,883,000          | 33,000            |                 |
| Other Revenue                           | 3,821,173          | 3,583,700          | 3,594,051          | 10,351            |                 |
| <b>Total Revenues</b>                   | <b>531,496,558</b> | <b>508,584,150</b> | <b>524,700,187</b> | <b>16,116,037</b> | <b>3.17%</b>    |
| <b>Expenditures:</b>                    |                    |                    |                    |                   |                 |
| <b>Program Instruction:</b>             |                    |                    |                    |                   |                 |
| Classroom Teachers                      | 321,499,078        | 300,855,596        | 311,672,784        | 10,817,188        | 2               |
| Consultants                             | 5,432,851          | 5,534,851          | 4,726,208          | (808,643)         |                 |
| Occasional Teachers                     | 11,524,034         | 8,600,000          | 9,300,000          | 700,000           |                 |
| Educational Assistants                  | 29,571,825         | 29,558,197         | 29,767,074         | 208,877           |                 |
| Early Childhood Educators               | 6,219,865          | 9,536,042          | 11,487,394         | 1,951,352         | 3               |
| Professional & Para-Professionals       | 14,773,217         | 15,222,218         | 14,963,939         | (258,279)         |                 |
| Class Texts, Instructional Supplies     | 13,444,780         | 14,671,657         | 15,407,267         | 735,611           |                 |
| Instructional Computers                 | 6,494,181          | 4,643,801          | 6,005,000          | 1,361,199         | 4               |
| Staff Development                       | 1,788,373          | 2,066,465          | 2,331,423          | 264,958           |                 |
| School Administration                   | 35,344,697         | 34,122,802         | 33,295,773         | (827,029)         |                 |
| Continuing Education                    | 4,361,693          | 4,646,455          | 4,388,806          | (257,649)         |                 |
|   | 450,454,594        | 429,458,083        | 443,345,668        | 13,887,585        | 3.23%           |
| <b>Program Support:</b>                 |                    |                    |                    |                   |                 |
| Board Administration & Governance       | 13,143,030         | 13,358,507         | 13,422,099         | 63,592            |                 |
| School Operations                       | 51,571,241         | 50,368,218         | 50,817,676         | 449,458           |                 |
| Community Use of Schools                | 680,704            | 684,789            | 683,635            | (1,154)           |                 |
| Transportation                          | 13,832,791         | 13,714,553         | 14,695,228         | 980,675           |                 |
|   | 79,227,766         | 78,126,067         | 79,618,638         | 1,492,571         | 1.91%           |
| <b>Other Non Operating</b>              | 173,368            | -                  | -                  | -                 |                 |
| <b>Contingency</b>                      | 1,000,000          | 1,000,000          | 1,000,000          | -                 |                 |
| <b>Contingency for Attrition Timing</b> | -                  | -                  | 735,881            | 735,881           |                 |
| <b>Transfer to Accumulated Surplus</b>  | 640,830            | -                  | -                  | -                 |                 |
| <b>Total Expenditures</b>               | <b>531,496,558</b> | <b>508,584,150</b> | <b>524,700,187</b> | <b>16,116,037</b> | <b>3.17%</b>    |

NOTES (any differences greater than \$1 million)

- 1 The GSN has been calculated based on projected enrolment. The increase is mainly a result of the funding of the 1% salary increase for elementary teachers and the elimination of unpaid days. Other smaller adjustments as discussed when the GSN was released are also included.
- 2 Classroom teacher salaries have mostly increased as a result of the funded 1% increase in elementary teacher salaries and the elimination of any unpaid days. Enrolment has been used to determine the classroom staffing required.
- 3 Early childhood educators budget has increased directly as a result of the final phase of implementation of FDK.
- 4 Instructional computers has increased as a result of a planned upgrade in technology and increased bandwidth requirements.

## Hamilton-Wentworth District School Board

## 2014-15 Budget Estimates

## Summary of Expenditures by Expenditure Type

|  | 2012-13               | 2013-14            | 2014-15            | Inc (Dec)                    |              | Notes |
|--|-----------------------|--------------------|--------------------|------------------------------|--------------|-------|
|  | Actuals               | Approved Budget    | Budget Estimates   | Over 2013-14 Approved Budget |              |       |
|  | \$                    | \$                 | \$                 | \$                           | %            |       |
| <b>Remuneration</b>                    |                       |                    |                    |                              |              |       |
| Salaries & Wages                       | \$ 372,014,077        | 371,596,885        | 379,296,198        | 7,699,313                    |              | 1     |
| Employee Benefits                      | 82,041,957            | 63,555,492         | 64,737,662         | 1,182,170                    |              |       |
| Temporary Assistance                   | 16,428,199            | 12,575,607         | 15,930,061         | 3,354,454                    |              | 2     |
| Contingency for Attrition Timing       |                       | -                  | 735,881            | 735,881                      |              |       |
|  | <u>470,484,233</u>    | <u>447,727,984</u> | <u>460,699,802</u> | <u>12,971,818</u>            | <u>2.90%</u> |       |
| <b>Consumables</b>                     |                       |                    |                    |                              |              |       |
| Professional Development               | 1,189,016             | 2,272,952          | 2,484,713          | 211,761                      |              |       |
| Textbooks & Supplies                   | 17,809,604            | 22,434,308         | 23,409,486         | 975,178                      |              | 3     |
| Energy                                 | 9,018,050             | 10,373,055         | 10,072,055         | (301,000)                    |              | 4     |
| Repairs & Minor Renovations            | 4,247,738             | 3,284,881          | 3,292,881          | 8,000                        |              |       |
| Computing Equipment                    | 3,704,494             | 1,671,761          | 2,362,000          | 690,239                      |              | 5     |
| Equipment                              | 1,404,379             | 327,682            | 309,238            | (18,444)                     |              |       |
| Rentals                                | 2,172,007             | 1,249,532          | 1,123,405          | (126,127)                    |              |       |
| Fees & Contractual Services            | 5,899,073             | 5,112,271          | 5,706,694          | 594,423                      |              | 6     |
| Other Expense                          | 550,977               | 271,221            | 314,525            | 43,304                       |              |       |
|  | <u>45,995,338</u>     | <u>46,997,663</u>  | <u>49,074,997</u>  | <u>2,077,334</u>             | <u>4.42%</u> |       |
| <b>Transportation</b>                  | 13,376,157            | 12,858,503         | 13,925,388         | 1,066,885                    |              | 7     |
| <b>Contingency</b>                     | 1,000,000             | 1,000,000          | 1,000,000          | -                            |              |       |
| <b>Transfer to Accumulated Surplus</b> | 640,830               |                    | -                  | -                            |              |       |
| <b>Total Expenditures</b>              | <u>\$ 531,496,558</u> | <u>508,584,150</u> | <u>524,700,187</u> | <u>16,116,037</u>            | <u>3.17%</u> |       |

NOTES (on next page)

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- 1 2014-15 Salary Budget reflects increases due to negotiated and funded salary increases, no unpaid days projected in 2014-15, increases in elementary teachers and ECEs due to FDK implementation; secondary teacher reductions for declining enrolment and staffing adjustments due to school closures, declining enrolment and consolidating administrative facilities.
- 2 2014-15 Temporary Assistance budget increase reflects the impact of increased usage of sick leave benefits as a result of the implementation of the Memorandum of Understanding (MOU) negotiated by the Ministry of Education
- 3 The 2014-15 Textbook and Supplies budget increase is due primarily to an increase in the Special Equipment Allocation which has a corresponding revenue increase. It also includes increased costs for our wide area network due to bandwidth and speed increases.
- 4 Energy costs are budgeted to be less for 2014-15 due to school closures.
- 5 The 2014-15 Computing Equipment budget increase is due to a planned technology upgrade of desktop computers and servers, additional budget required for the network infrastructure upgrade offset by a reduction in the budget required for the student information system implementation.
- 6 The 2014-15 Fees and Contractual Services increase reflects an increase in legal, audit and professional fees, and a budget for work required at schools as a result of Ministry of Labour initiatives and monitoring costs for our schools.
- 7 The transportation budget for 2014-15 has increased due to transitional transportation costs for students at Dundas Valley, Nora Henderson and Mountain Secondary Schools, additional bussing runs to meet student needs and increases in carrier costs.

## Hamilton-Wentworth District School Board

## 2014-15 Capital Budget

## Summary of Funding Sources and Expenditures

|  | <u>2013-14<br/>Approved<br/>Budget</u><br>\$ | <u>2014-15<br/>Budget<br/>Estimates</u><br>\$ | <u>Inc (Dec)<br/>Over 2013-14<br/>Budget Estimates</u><br>\$ % |                        |
|--|--|---|--|------------------------|
| <b>Funding Sources:</b>                            |  |   |  |                        |
| Ministry Capital Allocation                        | 39,636,519                                   | 53,184,713                                    | 13,548,194   | 34.2%                  |
| Estimated Proceeds of Disposition                  | 27,272,454                                   | 10,568,711                                    | (16,703,743)   | (61.25%)               |
| Ministry Capital Debt (Interest) Support Payment   | 8,066,982                                    | 8,142,513 *                                   | 75,531   | 0.9%                   |
| Accumulated Surplus (Working Reserves)             | 8,641,448                                    | 905,000                                       | (7,736,448)  | (89.53%)               |
| <b>Total Funding Sources</b>                       | <b>\$ <u>83,617,403</u></b>                  | <b>\$ <u>72,800,937</u></b>                   | <b>\$ <u>(10,816,466)</u></b>                                  | <b><u>(12.94%)</u></b> |
| <b>Expenditures:</b>                               |  |   |  |                        |
| Major Capital Projects                             | 55,222,962                                   | 41,544,873                                    | (13,678,089)   | (24.77%)               |
| School Renewal Projects                            | 11,469,191                                   | 13,902,120                                    | 2,432,929  | 21.2%                  |
| Full Day Kindergarten Projects                     | 6,178,468                                    | 7,098,910                                     | 920,442  | 14.9%                  |
| Temporary Accommodation                            | 240,000                                      | 120,000                                       | (120,000)  | (50.00%)               |
| Schools-First Child Care Capital Retrofit Projects | 2,439,800                                    | 1,992,521                                     | (447,279)  | (18.33%)               |
| Capital Debt Interest                              | 8,066,982                                    | 8,142,513 *                                   | 75,531   | 0.9%                   |
| <b>Total Expenditures</b>                          | <b>\$ <u>83,617,403</u></b>                  | <b>\$ <u>72,800,937</u> ^</b>                 | <b>\$ <u>(10,816,466)</u></b>                                  | <b><u>(12.94%)</u></b> |

## NOTES

\* The Ministry fully funds the payment of debentures related to previously approved capital projects. These are corresponding revenues and expenses related to the interest payments for these amounts.

^ Each year, the Board prepares its capital budget based on the expected projects to be completed during the year. Sometimes, due to unforeseen circumstances, not all of the work gets completed. Included in the 2014-15 capital budget is \$26.5 million that has been budgeted in previous years.

Appendix C-1 shows a break down of all the 2014-15 capital projects. It includes everything on this schedule except the debenture interest which as noted above relates to previously completed and debentured capital projects.

|                       |                   |
|-----------------------|-------------------|
| Total Expenditures    | 72,800,937        |
| Capital Debt Interest | - 8,142,513       |
|                       | <u>64,658,424</u> |

**Hamilton-Wentworth District School Board  
2014-15 Budget Estimates  
Capital Budget**

**Capital Expenditures****Construction in Progress**

|   |            |
|---|------------|
| New North Secondary School              | 10,400,000 |
| Nora Henderson Secondary School         | 4,900,000  |
| Saltfleet Addition                      | 4,900,000  |
| New Ancaster Elementary School          | 4,100,000  |
| Dundas Valley Secondary School Addition | 8,700,000  |
| Cootes Paradise Addition                | 700,000    |
| Dalewood Renovation                     | 6,400,000  |
| Education Centre                        | 1,500,000  |
| Full Day Kindergarten Capital Projects  | 7,100,000  |
| Child-Care Retrofit Projects            | 2,000,000  |
| Other School Renewal Projects           | 14,000,000 |

| Total<br>Estimated<br>Capital Budget | Funding Sources       |                          |                     |                      |                            |                      |                      |
|--------------------------------------|-----------------------|--------------------------|---------------------|----------------------|----------------------------|----------------------|----------------------|
|                                      | Capital<br>Priorities | Full Day<br>Kindergarten | Other<br>Ministry   | School<br>Renewal    | Proceeds of<br>Disposition | Operating<br>Savings | Total<br>Funding     |
|                                      | 10,400,000            |                          |                     |                      |                            |                      | 10,400,000           |
|                                      | 4,900,000             |                          |                     |                      |                            |                      | 4,900,000            |
|                                      | 4,900,000             |                          |                     |                      |                            |                      | 4,900,000            |
|                                      | 4,100,000             |                          |                     |                      |                            |                      | 4,100,000            |
|                                      | 8,700,000             |                          |                     | 2,000,000            | 6,700,000                  |                      | 8,700,000            |
|                                      | 700,000               |                          |                     | 700,000              |                            |                      | 700,000              |
|                                      | 6,400,000             |                          |                     | 3,100,000            | 3,300,000                  |                      | 6,400,000            |
|                                      | 1,500,000             |                          |                     |                      | 600,000                    | 900,000              | 1,500,000            |
|                                      | 7,100,000             | 7,100,000                |                     |                      |                            |                      | 7,100,000            |
|                                      | 2,000,000             |                          | 2,000,000           |                      |                            |                      | 2,000,000            |
|                                      | 14,000,000            |                          |                     | 14,000,000           |                            |                      | 14,000,000           |
| <b>Total</b>                         | <b>\$ 64,700,000</b>  | <b>\$ 7,100,000</b>      | <b>\$ 2,000,000</b> | <b>\$ 19,800,000</b> | <b>\$ 10,600,000</b>       | <b>\$ 900,000</b>    | <b>\$ 64,700,000</b> |



## EXECUTIVE REPORT TO STANDING COMMITTEE

**TO:** STANDING COMMITTEE

**FROM:** John Malloy, Director of Education

**DATE:** January 20, 2014

**PREPARED BY:** Stacey Zucker, Superintendent of Business and Treasurer  
Denise Dawson, Manager of Budget

**RE:** Key Parameters and Assumptions to Guide 2014/2015 Budget Development

### Action x Monitoring

#### Recommended Action:

That the Board approve the Key Parameters and Assumptions to guide the 2014/2015 Budget Development.

#### Rationale/Benefits:

In order to provide for the development of the 2014/2015 budget the following key steps and timelines have been identified:

- January Key Parameters/Assumptions to Guide Budget Development.
- February Consultation re Board Budget Priorities
- March Finalize Budget Priorities (as informed by consultation process)
- April School Based Staffing Recommendations;
- May Special Finance Committee Meeting and budget refinements to reflect new information if necessary
- By June Approval of Budget

#### Assumptions:

- **Enrolment Projection:**

|            | 2013/2014<br>Revised Budget<br>ADE | 2014/2015<br>Projected Budget<br>ADE | Increase<br>(Decrease)<br>ADE | Increase<br>(Decrease)<br>% |
|------------|------------------------------------|--------------------------------------|-------------------------------|-----------------------------|
| Elementary | 33,618.00                          | 34,191.00                            | 573.00                        | 1.70%                       |
| Secondary  | 15,851.50                          | 15,310.50                            | (541.00)                      | (3.41%)                     |
| Total      | 49,469.50                          | 49,501.50                            | 32.00                         | .065%                       |

The 2014/2015 preliminary enrolment projections are calculated based on historic enrolment trends and student retention rates on a school by school basis, and may be adjusted once the school principals provide validation and

comment in early March 2014. Full day kindergarten students are counted as 1.0 FTE in these projections, as the program is fully implemented in all elementary schools in 2014/2015.

- **Revenues:**
  - Grants for Student Needs (GSN) will be calculated to reflect a projected 0% increase in funding benchmarks for teacher salaries and benefits and a 2% decrease in all other funding benchmarks; subject to Ministry confirmation.
- **Expenditures:**
  - Salaries, benefits and staffing to reflect provincial legislation, memorandum of understanding and/or collective agreements in place
  - To provide for stability in the system and minimize in-year budget adjustments a contingency of \$1,000,000 will be set aside for unforeseen events that may arise

#### **Allocation Parameters:**

- Ensure the allocation of resources supports the HWDSB's strategic and operational plans.
- The Ministry's revenue allocation framework will provide a useful reference for the allocation of Board resources on all major expenditure categories
- Compliance with balanced budget requirement and Ministry basic enveloping requirements: Special Education, Board Administration and Governance and Accommodation. In addition, care will need to be exercised to ensure that funding associated with specific Ministry initiatives is allocated for the purpose designated.
- Where staff reductions are necessary, statutory positions are to be given priority for inclusion in the budget. Statutory positions to be calculated as the number required for Ministry class size requirements or collective agreement compliance.
- Where enhancements to the budget is possible, funding will be allocated to initiatives included in the Board's listing of Budget Priorities as outlined in Appendix A of the 2014/2015 Board Budget Priorities for Consultation Report for January 20, 2014 Standing Committee.

#### **Background:**

The identification of parameters and assumptions to guide the development of the 2014/2015 Budget; in particular the Preliminary Budget Scenario are necessary as many staffing and expenditure decisions need to be made in the next few months to prepare for a smooth startup of the 2014/2015 school year. As the budget development exercise continues, and key information including the 2014/2015 GSN funding announcement is provided, these parameters and assumptions will be reviewed and revised for inclusion in the final Budget to be approved by June 2014.

## A. Purpose of Consultation

As part of Hamilton-Wentworth District School Board's (HWDSB) commitment to be accountable to its community stakeholders, the Board informs its stakeholders of its budget for the upcoming school year to show how it uses its resources wisely, efficiently, effectively and equitably. Hamilton-Wentworth District School Board's Strategic Directions focus on Achievement Matters, Engagement Matters and Equity Matters. We have created many strategies to meet these directions. Six of these strategies are the priorities for the 2014/2015 Budget. Through our budget we will supply additional resources, if available to support our budget priorities above the level of funding that is provided by the province. Members of the public were invited to provide feedback on the budget priorities with regard to the following four areas:

- (1) To indicate whether HWDSB should remain committed to each of the six priorities listed (Early Years Strategy, Improving Mathematics, Program Strategy, School Revitalization, Special Education and Student Supports, and 21<sup>st</sup> Century Learning),
- (2) To indicate which of three directions HWDSB should take with regard to each priority (directions: 1. *Post more information about the priority on the HWDSB website*, 2. *Allocate additional resources to students, schools and clusters on a per-need basis*, and/or 3. *Engage in consultation with expert groups and committees*),
- (3) To comment on additional directions that the board should take with regard to each priority, and
- (4) To list additional priorities that HWDSB should consider for its 2014/2015 budget. The following sections of this report summarize stakeholders' responses.

## B. Limitations of the Consultation

Several limitations of the consultation are noteworthy. First, it is unknown whether the consultation respondents are representative of the HWDSB and Hamilton community. Therefore it is unclear whether the responses summarized in this report accurately reflect the opinions of members of the Hamilton and HWDSB community. Second, the total number of responses should not be equated with total number of unique respondents as it is possible that the same person may have submitted the survey multiple times. It is therefore recommended that the results summarized herein are interpreted within the bounds of these limitations.

## C. Respondent Characteristics

The online survey ran from January 30<sup>th</sup> to March 2<sup>nd</sup> 2014 and garnered a total of **185** responses which were all received online. The majority of the responses came from parents/guardians (N=109, 60%), and from HWDSB staff members (N=43, 23%), while 21 (11%) responses were from HWDSB students and 12 (6%) from community members/groups.

Members of the public were asked to indicate whether they had children currently attending an HWDSB school and if yes, to indicate how many children. Overall, 114 (61%) of the 185 responses came from individuals who had children attending an HWDSB school and 50 (27%) responses were from individuals who did not have children while the remaining responses came from respondent to whom the question did not apply (e.g., students, community groups). Of the 114 respondents who indicated having children, 86 (75%) indicated having one to two children currently attending an HWDSB school, 27 (24%) responses came from individuals with three or more children while the remaining percentage did not specify the number of children attending an HWDSB school.

**D. Summary of Consultation Findings**

**Topic 1:** Members of the public were asked to indicate whether HWDSB should remain committed to the existing priorities. As shown in Table 1, on average, across the six priorities, 78.8% of responses indicated that HWDSB should remain committed to the six priorities, while 21.2% indicated not being in support of the chosen priorities.

**Table 1. Feedback on whether HWDSB should remain committed to the six priorities.**

| Priorities                               | Yes                | No           | Total N |
|--|--------------------|--------------|---------|
| Early Years Strategy                     | <b>132 (74.6%)</b> | 45 (25.4%)   | 177     |
| Improving Mathematics                    | <b>153 (87.4%)</b> | 22 (12.6%)   | 175     |
| Program Strategy                         | <b>122 (72.6%)</b> | 46 (27.4%)   | 168     |
| School Revitalization                    | <b>137 (77.8%)</b> | 39 (22.3%)   | 176     |
| Special Education and Student Supports   | <b>162 (90.5%)</b> | 17 (9.5%)    | 179     |
| 21 <sup>st</sup> Century Learning        | <b>122 (70.1%)</b> | 52 (29.9%)   | 174     |
| <b>Average % across response options</b> | <b>78.8%</b>       | <b>21.2%</b> |         |

**Topic 2:** Members of the public were asked to comment on three directions that HWDSB should take across each of the existing priorities. As shown in Table 2, on average, across the six priorities, 60.4% of responses indicated that HWDSB should ‘Allocate additional resources to students, schools and clusters on a per-need basis’. Although, it is noteworthy, that the other two response options were also endorsed by a large percentage of responses.

**Table 2. Feedback on the directions that HWDSB should take with regard to the six priorities.**

| Priorities                             | Post more information about this priority on the HWDSB website | Allocate additional resources to students, schools and clusters on a per-need basis | Engage in consultation with expert groups and committees (e.g., Parent-Involvement Committee) | Total N across response options, within each priority |
|--|--|---|---|---|
| Early Years Strategy                   | 58 (42.3%)   | <b>69 (50.4%)</b>   | <b>69 (50.4%)</b>   | 196   |
| Improving Mathematics                  | 56 (37.1%)   | <b>109 (72.2%)</b>  | 72 (47.7%)  | 237   |
| Program Strategy                       | <b>72 (53.7%)</b>  | 62 (46.3%)  | 57 (42.5%)  | 191   |
| School Revitalization                  | 67 (46.2%)   | <b>71 (49.0%)</b>   | <b>72 (49.7%)</b>   | 210   |
| Special Education and Student Supports | 56 (39.2%)   | <b>115 (80.4%)</b>  | 72 (50.3%)  | 243   |
| 21 <sup>st</sup> Century Learning      | 62 (44.3%)   | <b>90 (64.3%)</b>   | 71 (50.7%)  | 223   |
| <b>Average % across priorities</b>     | 43.8%  | <b>60.4%</b>  | 48.5%   |   |

**Topic 3:** Members of the public commented on additional directions that they would like for HWDSB to take with regard to the six priorities. Feedback received is summarized below per priority:

- With regard to the Early Learning Strategy majority of responses pertained to prioritizing various areas of programming (e.g., skill building) and evidence-based pedagogy and allocating additional staff to this priority area.
- With regard to Improving Mathematics, the majority of responses pertained to prioritizing various areas of programming (e.g., focusing on basics of mathematics), increasing the number of staff (e.g., consultants) and allocating additional resources to this priority area.
- For the Program Strategy priority, majority of comments indicated allocating specialized programs and facilities across schools, and to implement the strategy in a way that will benefit all students and keep the community informed.
- For the School Revitalization priority, majority of comments indicated allocating additional resources to best maintain and revitalize schools across the system.
- With respect to the Special Education and Student Supports, majority of respondents indicated that the board should increase school-based support in particular for students with mental health difficulties and unique special needs, to provide specialized programs for students and to emphasize high quality professional development for educators and support staff so that students are best supported.
- For 21<sup>st</sup> Century Learning, the majority of comments indicated that HWDSB should balance the use of technology with other instructional methods, to equitably provide access to the internet, WI-FI and technology for staff and students across the system.

**Topic 4:** Members of the public were asked to comment on additional priorities HWDSB should consider for its 2014/2015 budget. Majority of responses indicated that the Board should prioritize the following areas:

**Programs**

- Arts and music
- French immersion
- Programs for special education
- Athletics, varsity programs, and extracurricular programs

**Technology and internet access**

- Prioritize access of technology and internet to students and staff equitable and equally across the system
- Improve the quality of HWDSB and school websites across the system

**Staffing**

- Increase number of educators and support staff
- Decrease the number of staff in higher administration positions

**School closures and maintenance**

- Prioritize keeping schools open
- Reconsider the closing of schools and/or which schools are slated for closure
- Regularly maintain schools to prevent school closures
- Improved snow removal

**Prioritize engagement**

- Build parent and community engagement
- Increase communication with parent community

**Resources**

- Allocate additional resources to classrooms (e.g., textbooks, work books etc.,)
- Provide math textbooks to for grade 9 to grade 12 students

**Professional development**

- Prioritize increased and high-quality of professional development for staff and administrators