



EXECUTIVE REPORT TO STANDING COMMITTEE

DATE: May 13, 2013

TO: Standing Committee

FROM: John Malloy, Director of Education
Don Grant, Superintendent of Business and Treasurer
Denise Dawson, Manager of Budget Services

RE: **2013/2014 Budget**

Action

Monitoring

Recommended Actions:

1. That the Board approve the 2013/2014 Salary and Benefit expenditures in the amount of \$443,763,134 and that the Superintendent of Business and Treasurer be authorized to proceed with the expenditure of funds as outlined in Appendix A dated May 13, 2013.
2. That the Board approve the 2013/2014 Non-Salary expenditures in the amount of \$60,856,166 and that the Superintendent of Business and Treasurer be authorized to proceed with the expenditure of funds as outlined in Appendix A dated May 13, 2013.
3. That the Board approve the 2013/2014 Capital Budget expenditures in the amount of \$83,617,403 and that the Superintendent of Business and Treasurer be authorized to proceed with the expenditure of funds as outlined in Appendix D dated May 13, 2013. 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.

The following appendices provide information regarding the 2013/2014 Budget:

Appendix A	2013/2014 Operating Budget: Summary of Revenues and Expenditures
Appendix B	2013/2014 Enrolment Projection Summary
Appendix C	2013/2014 Staffing Summary
Appendix D	2013/2014 Capital Budget
Appendix E	Key Parameters/Assumptions to Guide 2013/2014 Budget Development
Appendix F	Board Priorities to Guide 2013/2014 Budget Development

Rationale/Benefits:

The Hamilton-Wentworth District School Board is financially responsible with a clear focus on providing the system with the resources and supports necessary to support our *Strategic Directions 2009-2013* and the *Annual Operating Plan*. The budget presented for the 2013/2014 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 continues to ensure that all students are reading effectively by the end of grade 2. 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.

Rationale/Benefits (cont.):

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 2013/2014 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 2013/2014 budget.
- Compliance with all Ministry class size and other regulatory requirements have been achieved (i.e. the 2013/2014 Preliminary Operating Budget is **balanced!**.)

Background:

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 2013/2014 Preliminary Operating Budget achieves these requirements.

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. For 2013/2014, the HWDSB expects to receive 99% (approximately \$500 million) of total operating revenue from the Ministry of Education. On March 27, 2013, the Ministry provided information with respect to education funding for 2013/2014. The 2013/2014 Grants for Student Needs (GSN) supports the education sector's continued focus on key student achievement goals.

Development of the 2013/2014 Preliminary Operating Budget:

With the capable and experienced assistance of the members of the Finance Committee the following steps have been achieved towards the development of the 2013/2014 budget:

- **Committee of the Whole:**
 - January 14 2013 Action report regarding Approval of Key Parameters/Assumptions to Guide 2013/14 Budget Development
 - March 18, 2013 Action report regarding "Identification of Board Priorities to Guide 2013/2014 Budget Development" See Appendix E for listing of Board approved Board Priorities.
 - April 15, 2013 Action report regarding "2013/2014 School Based Staffing".

In addition, information pertaining to special education in the 2013/2014 Preliminary Operating budget was shared with the Special Education Advisory Committee on March 27, 2013. Furthermore a public Special meeting of the Finance Committee was held on May 6, 2013 in order to communicate and promote public and trustee understanding of the content of next year's budget.

Background (cont):

Two items raised at this meeting were referred back to Finance Committee and discussed at the May 8, 2013 meeting:

- Implications of the Memorandum of Understanding on the 2013/2014 budget and
- Possible implications of expanding snow clearing contracts to apply to playground blacktops

The two aspects of the Memorandum of Understanding (MOU) discussed demonstrated that the MOU was revenue neutral to the budget. The Finance Committee identified the following issues associated with the expansion of snow clearing contracts:

- Increased cost of this service if applied to all Board properties
- Damage implications of removing snow from the school playground blacktop areas not designed for vehicle service of school playgrounds.
- Potential for increased liability issues.

However, in response to this issue the Finance Committee has provided the following advice to staff, "that in situations where ice buildup on playground blacktop poses a safety danger, the situation should be referred to Facilities Management to resolve on a case by case basis".

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 Priorities.

Budget Priorities

In a period of significant financial upheaval, it is essential that public organizations like school boards maintain their focus on core responsibilities. To this end, the HWDSB initiated a consultation process that served to confirm its core budget priorities. These priorities (see Appendix F) have influenced the allocation of resources within the 2013/2014 budget. Accordingly, resources will continue to be allocated for the following priorities:

- Early Years Strategy
- Program Strategy
- Special Education
- Wireless Strategy

Attach.

Hamilton-Wentworth District School Board

2013/2014 Preliminary Budget

Summary of Revenues and Expenditures

	2012/2013	2013/2014	Inc (Dec)	
	Revised Budget	Preliminary Budget	Over 2012/2013 Rev Budget	
	\$	\$	\$	%
Revenues:				
Grants for Student Needs	480,858,872	475,246,873	(5,611,999)	(1.17%)
Other Ministry Grants	18,139,983	25,788,687	7,648,704	42.16%
Miscellaneous	3,653,441	3,583,740	(69,701)	(1.91%)
Total Revenues	<u>502,652,296</u>	<u>504,619,300</u>	<u>1,967,004</u>	<u>0.39%</u>
Expenditures:				
Program Instruction:				
Classroom Teachers	302,890,584	298,270,916	(4,619,668)	
Consultants	5,506,928	5,495,946	(10,982)	
Occasional Teachers	7,494,918	8,600,000	1,105,082	
Educational Assistants	27,000,368	29,229,351	2,228,983	
Early Childhood Educators	6,861,193	9,642,406	2,781,213	
Professional & Para-Professionals	15,064,222	15,075,346	11,124	
Class Texts, Instructional Supplies	14,398,780	14,671,657	272,877	
Instructional Computers	5,395,203	4,643,801	(751,402)	
Staff Development	2,138,657	2,066,465	(72,192)	
School Administration	34,430,698	33,800,171	(630,527)	
Continuing Education	4,614,356	4,632,091	17,735	
	<u>425,795,907</u>	<u>426,128,150</u>	<u>332,242</u>	<u>0.08%</u>
Program Support:				
Board Administration & Governance	13,165,235	13,118,986	(46,249)	
School Operations	48,481,045	49,983,143	1,502,098	
Community Use of Schools	680,704	684,789	4,085	
Transportation	13,529,405	13,704,232	174,827	
	<u>75,856,389</u>	<u>77,491,150</u>	<u>1,634,761</u>	<u>2.16%</u>
Contingency	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	
Total Expenditures	<u>502,652,296</u>	<u>504,619,300</u>	<u>1,967,003</u>	<u>0.39%</u>

2013/2014 Preliminary Budget

May 13, 2013

Summary of Expenditures by Economic Classification

	2012/2013	2013/2014	Inc (Dec)	
	Revised Budget	Preliminary Budget	Over 2012/2013 Revised Budget	
	\$	\$	\$	%
Remuneration				
Salaries & Wages	\$ 375,467,729	371,596,885	(3,870,844)	(1.03%)
Employee Benefits	55,930,515	59,590,642	3,660,127	6.54%
Temporary Assistance	9,647,714	12,575,607	2,927,893	30.35%
	<u>441,045,958</u>	<u>443,763,134</u>	<u>2,717,176</u>	<u>0.62%</u>
Consumables				
Professional Development	2,297,032	2,272,952	(24,080)	(1.05%)
Textbooks & Supplies	22,723,324	22,434,308	(289,017)	(1.27%)
Energy	10,373,055	10,373,055	-	0.00%
Repairs & Minor Renovations	3,284,881	3,284,881	-	0.00%
Computing Equipment	2,173,900	1,671,761	(502,139)	(23.10%)
Equipment	332,582	327,682	(4,900)	(1.47%)
Rentals	1,294,713	1,249,532	(45,181)	(3.49%)
Fees & Contractual Services	5,184,895	5,112,271	(72,624)	(1.40%)
Other Expense	262,881	271,221	8,340	3.17%
	<u>47,927,263</u>	<u>46,997,663</u>	<u>(929,601)</u>	<u>(1.94%)</u>
Transportation	12,679,075	12,858,503	179,428	1.42%
Contingency	1,000,000	1,000,000	-	0.00%
Total Expenditures	\$ <u>502,652,296</u>	<u>504,619,300</u>	<u>1,967,004</u>	<u>0.39%</u>

Hamilton-Wentworth District School Board

2013/2014 Preliminary Budget

Enrolment Projection Summary

	2012/2013 Revised Budget	2013/2014 Preliminary Budget (note 1)	Increase (Decrease) ADE	Increase (Decrease) %
<i>Elementary - FDK - Grade 8 funded from GSN</i>	30,882.00	30,814.50	(67.50)	(0.22%)
<i>Elementary - FDK funded from EPO (note 2)</i>	1,639.50	2,485.00	845.50	51.57%
<i>Total Elementary Enrolment</i>	<u>32,521.50</u>	<u>33,299.50</u>	<u>778.00</u>	<u>2.39%</u>
<i>Total Secondary Enrolment</i>	16,444.00	15,973.75	(470.25)	(2.86%)
<i>Total Enrolment</i>	<u>48,965.50</u>	<u>49,273.25</u>	<u>307.75</u>	<u>0.63%</u>

Average Daily Enrolment (ADE)

Average Daily Enrolment 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,.

Note 1

Original enrolment projections presented to Committee of the Whole January 14, 2013 were as follows:

Elementary (FDK funded from other grants not included)	30,776.00
Secondary	<u>16,134.75</u>
	<u>46,910.75</u>

Typically the January projections are revised each spring to reflect consultation with school principals , secondary option sheets, kindergarten registration and any other changes to local conditions.

Note 2

During the phase-in of the Full Day Kindergarten program (FDK), all FDK pupils will be funded through the Grants for Student Needs (GSN) for a half-day. Operating funding for the additional half -day of full day kindergarten is provided through other Ministry Grants - called Education Program - Other (EPO) transfer payments. The EPO Grant payment is limited to the Ministry approved FDK enrolment cap for each year. The Ministry approved enrolment cap are:
2012/13 3,016 students: 2013/14 4,550 students.

2013/2014 Preliminary Budget

Staffing Summary (Permanent FTE)

	2012/2013 Revised Budget	2013/2014 Preliminary Budget	Inc (Dec) Over 12/13 Rev. Budget	Notes
Program Instruction				
Classroom Teachers				
Elementary	2,071.60	2,085.70	14.10	2,3
Secondary	1,156.30	1,123.17	(33.13)	2
Total Classroom Teachers	3,227.90	3,208.87	(19.03)	
Educational Assistants	573.00	579.00	6.00	4
Early Childhood Educators	116.50	185.00	68.50	3
Professionals & Para-Professionals	174.80	174.80	0.00	
School Administration				
Principals & Vice Principals	173.00	167.00	(6.00)	
Clerical/Secretarial Support	213.50	209.50	(4.00)	
Total School Administration	386.50	376.50	(10.00)	2
System Principals, Consultants & Support				
System Principals, Consultants	39.00	38.67	(0.33)	5
Clerical/Secretarial Support	8.50	7.00	(1.50)	5
Total System Principals, Consultants & Support	47.50	45.67	(1.83)	
Continuing Education	13.50	12.50	(1.00)	5
Total Program Instruction	4,539.70	4,582.34	42.64	
Program Support				
Board Administration & Governance	120.50	120.50	0.00	
School Operations	467.50	465.50	(2.00)	6
Transportation	5.50	5.50	0.00	
Total Program Support	593.50	591.50	(2.00)	
Capital				
School Renewal	11.00	11.00	0.00	
Total Staff	5,144.20	5,184.84	40.64	

Notes:

- 1 2013/14 Budget staffing represents impact of enrolment projections, legislative and collective agreements, class size compliance
- 2 Reflects impact of decline in enrolment
- 3 Staffing enhancement to support the Full Day Kindergarten Program
- 4 Increase in 6.0 FTE School Support Educational Assistants
- 5 Staffing changes to reflect restructuring of Consultants, System Principals, Information Technology and Continuing Education
- 6 Staffing changes to reflect restructuring of School Operations

FTE = Full Time Equivalent

Hamilton-Wentworth District School Board

2012/2013 Capital Budget

Summary of Revenues and Expenditures

	2012/2013	2013/2014	Inc (Dec) over		Notes
	Budget	Budget	2012/2013 Budget		
	\$	\$	\$	%	
Revenues:					
Estimated Proceeds of Disposition	0	27,272,454	27,272,454	100.0%	1
Accumulated Surplus (Working Reserves)	0	8,641,448	8,641,448	100.0%	2
Ministry Capital Allocation	24,924,536	39,636,519	14,711,983	59.0%	3
Ministry Capital Debt (Interest) Support Payment	6,531,257	8,066,982	1,535,725	23.5%	8
Total Revenues	\$ 31,455,793	\$ 83,617,403	\$ 52,161,610	165.8%	
Expenditures:					
Major Capital Projects	0	55,222,962	55,222,962	100.0%	4
Provision for School Renewal & School Condition	2,347,053	2,293,838	(53,215)	(2.3%)	5
Full Day Kindergarten	12,709,273	6,178,468	(6,530,805)	(51.4%)	6
School Renewal	6,502,338	6,472,172	(30,166)	(0.5%)	
School Condition Improvement	2,885,872	2,703,181	(182,691)	(6.3%)	
Temporary Accommodation	480,000	240,000	(240,000)	(50.0%)	
Schools-First Child Care Capital Retrofit	0	2,439,800	2,439,800	100.0%	7
Capital Debt Interest	6,531,257	8,066,982	1,535,725	23.5%	8
Total Expenditures	\$ 31,455,793	\$ 83,617,403	\$ 52,161,610	165.8%	

Notes:

- 1 Anticipated Proceeds of Disposition to fund Major Capital Project Expenditures as approved at Board February 11, 2013
- 2 Projected working reserves to fund the Education Centre Project as approved at Board September 7, 2011.
- 3 Projected capital priorities funding in addition to other capital grants such as full day kindergarten, school renewal etc
- 4 Projected 2013/2014 expenditures on Education Centre Project and ongoing Capital Projects as reported to Standing committee April 15, 2013.
- 5 As approved at the March 26, 2012 Board Meeting, that "the Board approve allocating an amount of funding no more than 20% of the annual capital projects each budget year from 2011/12 to 2014/15 to support Board decisions resulting from the Accommodation Review process"
- 6 Funding for first-time equipping and minor renovations for new Full Day Kindergarten classes plus funding for classroom additions or major retrofits needed to accommodate the program
- 7 Initiative announced in 2012/2013
- 8 Interest payments on short-term financing of projects that are underway and on long-term capital debt for projects supported by Ministry capital programs. Boards receive a corresponding revenue from the Ministry to meet their annual debt repayment needs.

EXECUTIVE REPORT TO COMMITTEE OF THE WHOLE

DATE: January 14 2013

TO: Committee of the Whole

FROM: Don Grant, Superintendent of Business & Treasurer
Denise Dawson, Manager of Budget

RE: Key Parameters/Assumptions to Guide 2013/2014 Budget Development

Action ✓

Monitoring ☐

Recommended Action

That the Board approve the Parameters and Assumptions outlined in Appendix A dated January 14, 2013 to guide the 2013/2014 Budget Development.

Rationale/Benefits:

In order to provide for the development of the 2013/2014 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 Public Budget Workshop and Budget Refinements to reflect new information if necessary
- By June Approval of Budget

Appendix A dated January 14, 2013 outlines the Key Parameters/Assumptions that will guide the development of the 2013/2014 Budget; in particular, the Preliminary Budget scenario. The identification of parameters and assumptions is helpful since decisions must be made in the very near future regarding the orderly preparation and startup of the 2013/2014 school year; yet many variables regarding next year's operation are not known at this time.

Background:

The fiscal year for all School Boards in Ontario is in alignment with the school year and runs from September 1 to August 31. According to Ministry of Education reporting and accountability requirements a School Board's budget must be submitted to the Ministry by the end of June preceding the start of the fiscal year in question. Consequently, the 2013/2014 budget must be submitted prior to the end of June 2013

Attachment

Appendix E
Page 2 of 2

Appendix A
January 14, 2013

Hamilton Wentworth District School Board
Key Parameters/Assumptions to Guide Budget Development
2013/2014 Budget

Assumptions

- **Enrolments (ADE)** to be projected as follows:

	2012/2013 Revised Budget	2013/2014 Projections	Incr (Decr)	Incr (Decr) %
Elementary	30,882.00	30,776.00	(106.00)	(0.34)%
Secondary	16,444.00	16,134.75	(309.25)	(1.88)%
Total	47,326.00	46,910.75	(415.25)	(0.88)%

- **Revenues:**
 - Estimate Grants for Student Needs (GSN) to reflect 0% increase in funding benchmarks; subject to Ministry confirmation.
- **Expenditures:**
 - Salaries, benefits and staffing to reflect provincial legislation, memorandum of understanding and/or collective agreements in place
 - In order to provide for stability in the system and minimize in-year budget adjustments; set aside a sum of \$1,000,000 for unforeseen events that may arise
 - Strategic decision of board regarding implementation of full day kindergarten.

Allocation Parameters

- Ensure that 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 a major expenditure category basis.
- 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 may be necessary, statutory positions to be given priority for inclusion in the budget. Statutory positions to be calculated as the number required for class size requirements, collective agreement compliance and special education per Ministry enveloping requirement.
- Where enhancements to budget is possible, concentrate on initiatives included in the Board's listing of Budget Priorities as outlined in Appendix B



Appendix F: Hamilton-Wentworth District School Board Listing of 2013/2014 Board Budget Priorities

These priorities are currently being funded, but we would like to allocate additional funds if possible.

Priority	Definition	Example of program related to priority
Early Years Strategy	Our Early Years Strategy supports all students to reach their goals. Our goal is to have students reading at grade level by the end of Grade 2. We are focused on working with families and children. Research shows that student achievement and engagement starts before children ever enter a school. Our Early Years Strategy begins to support our students at birth. We know we have a role to play with families and the community to make the move into school easier for children.	Empower: http://www.youtube.com/watch?v=qdiNHp60ue0&feature=youtu.be Full-Day Kindergarten: http://www.hwdsb.on.ca/kindergarten/?page_id=9
Program Strategy	We want all students to have what they need to succeed at any one of our schools. We are listening to what our students tell us they need and what interests them. Our Goal is to improve student success in reading, writing and math by providing equity of access. Our Program Strategy focuses on making every school a great school, giving students more choice, and providing the same opportunities to all students.	True Colours: http://www.youtube.com/watch?v=wzQKjolyDEM Learning for All : HWDSB Program Strategy http://www.hwdsb.on.ca/aboutus/strategic-directions/learning-for-all/documents/Program-Strategy.pdf
Special Education	We believe all students can succeed. This is why we work with families to meet the needs of all students. Because each student has different learning strengths and needs, we offer a variety of programs to meet these needs. Our Oral Language / Early Reading and Mental Health Strategies are two examples. All students need to have the supports they need to succeed and to feel safe and welcome in our schools.	Westdale Special Education Class: http://www.youtube.com/watch?v=cEOTMxlRn7c Special Education/Student Services http://www.hwdsb.on.ca/programs/specialed/
Wireless	Our Wireless Strategy aims to improve student achievement and equity. This encourages students to use their own tools to access the Internet when and where they want it to support their learning. We live in a digital world where learners prefer to learn, live and work together this way. These are vital tools that prepare students for their ongoing and future achievement.	21 st Century Fluency Awareness: http://www.youtube.com/watch?v=j6SXYVuHvRl 21 st Century Fluenices http://www.hwdsb.on.ca/programs/21cf/