



EXECUTIVE REPORT TO FINANCE AND FACILITIES COMMITTEE

TO: Finance and Facilities Committee

FROM: Manny Figueiredo, Director of Education

DATE: May 19, 2016

PREPARED BY: Stacey Zucker, Executive Superintendent of Board Operation and Treasurer
Denise Dawson, Manager of Budget Services

RE: **2016-17 Budget Estimates**

Action ✓

Monitoring

Recommended Actions:

1. That the Board approve the 2016-17 Salary and Benefit expenditures in the amount of \$463,228,610 and that the Executive Superintendent of Board Operation and Treasurer be authorized to proceed with the expenditure of funds as outlined in Appendix C dated May 19, 2016
2. That the Board approve the 2016-17 Non-Salary expenditures in the amount of \$66,437,596 and that the Executive Superintendent of Board Operation and Treasurer be authorized to proceed with the expenditure of funds as outlined in Appendix C dated May 19, 2016
3. That the Board approve the 2016-17 Capital Budget expenditures in the amount of \$107,033,031 and that the Executive Superintendent of Board Operation and Treasurer be authorized to proceed with the expenditure of funds as outlined in Appendix D dated May 19, 2016. The Executive Superintendent of Board Operation 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 2016-17 Budget:

| | |
|------------|--|
| Appendix A | 2016-17 Summary of Enrolment Projections |
| Appendix B | 2016-17 Operating Budget: Summary of Revenues and Expenditures |
| Appendix C | 2016-17 Summary of Expenditures by Economic Classification |
| Appendix D | 2016-17 Capital Budget |
| Appendix E | 2016-17 Staffing Summary |

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 Board Priorities. The budget presented for the 2016-17 school year reflects this approach.

Our Board Priorities focus on Student Learning and Achievement through effective instructional strategies, building student and staff well-being through positive climate strategies, improving our communication through comprehensive strategies, investment in school renewal to improve school facilities and strengthening our collaboration with new and existing community partners to enhance opportunities for students. Our budget aligns our resources to fulfill this commitment. By aligning our resources through this budget in support of our priorities, we do believe that all students will achieve their full potential.

Highlights:

The following are the key highlights of the 2016-17 Budget:

- Alignment of resources with the Board's approved Priorities has been achieved
- Compliance with all Ministry class size and other regulatory requirements have been achieved (i.e. the 2016-17 Preliminary Operating Budget is balanced.)
- The Board incorporated budget reductions related to:
 - Declining enrolment
 - School closures
 - Attrition

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 2016-17 Budget Estimates meets these requirements.

Process

HWDSB's Finance and Facilities 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 and Facilities Committee usually meets on a monthly basis but began meeting on a weekly basis on March 31, 2016 to review all aspects of the 2016-17 Budget Estimates. At the same time, the following reports were brought forward to the Board for approval:

- January 25, 2016- Approval of Key Parameters/Assumptions to Guide 2016-17 Budget Development
- April 18, 2016 - Approval of 2016-17 School Based Staffing

In addition, the preliminary special education budget for 2016-17 was shared with the Special Education Advisory Committee on April 27, 2016.

The key objective of the Budget Development Process is to align the allocation of resources with the Board Priorities, identify school based staffing requirements; identify budget challenges and opportunities, and the development of key messages to be included in the communication plan.

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 31st and March 31st. 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 34,134 elementary students has been used to develop the 2016-17 Budget Estimates which is a decrease of 164.00 ADE or .48% from the 2015-16 Budget Estimates. This decrease is consistent with the decline in enrolment experienced by the Board since 2014-15 now that FDK is fully implemented. An ADE of 14,110.25 has been estimated for secondary students, a decrease of 837.00 or 5.6% from the 2015-16 Budget 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 48,244.25 which represent a 2.03% decrease from the 2015-16 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). 98% of total operating revenue comes from the Province through the GSN. The 2016-17 GSN is estimated to be \$518.1 million which is an increase of approximately \$2.1 million or .4% over the 2015-16 Budget Estimates. The increase in GSN funding for HWDSB is due to declining enrolment, school closure and increases to salary benchmarks announced by the Ministry on March 24, 2016 to fund the Central Labour Agreements.

The remaining \$11.6 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 C)

The operating expenditures are projected to be \$525.7 million, an increase of approximately \$3.0 million or .58 % from the 2015-16 Budget Estimates.

Operating expenditures include a salary component (approximately 87%) and a non-salary component (approximately 13%).

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

- Required increases for benefits, leases and other known fixed increases.
- Increases to salaries in accordance with the Central Labour Agreements (funded by the Ministry).
- Additional staffing to meet class size compliance and student need

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 savings as a result of school closures.
- To reflect the savings as a result of reduction in transportation services to realign budget with actual spending.
- To reflect savings from one time computing equipment expenditures that were in 2015-16 Budget

Capital Budget (Appendix D)

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 2016-17, 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 \$7.6 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 2016-17.

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 2016, 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 ongoing implementation of the Central Labour Agreements 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 2016.

Hamilton-Wentworth District School Board

2016/2017 Budget Estimates

Enrolment Projections

| | 2015/2016 Budget Estimate | 2016/2017 Budget Estimate | Increase (Decrease) ADE | Increase (Decrease) % |
|-----------------------------------|---------------------------------|---------------------------------|-------------------------------|-----------------------------|
| Elementary | | | | |
| Full Day Kindergarten | 6,298.00 | 6,351.00 | 53.00 | 0.84% |
| Primary | 10,597.00 | 10,280.00 | (317.00) | (2.99%) |
| Grades 4 -8 | 16,795.00 | 16,946.00 | 151.00 | 0.90% |
| Special Education | 608.00 | 555.00 | (53.00) | (8.72%) |
| Total Elementary Enrolment | 34,298.00 | 34,132.00 | (166.00) | (0.48%) |
| Total Secondary Enrolment | 14,947.25 | 14,110.25 | (837.00) | (5.60%) |
| Total Enrolment | 49,245.25 | 48,242.25 | (1,003.00) | (2.04%) |

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,.

Hamilton-Wentworth District School Board

2016/2017 Budget Estimates

Summary of Operating Revenues and Expenditures

| | 2016/2017 | 2015/2016 | Increase (Decrease) | | 2014/2015 |
|--|---------------------------|---------------------------|------------------------------------|-----------------------|---------------------------|
| | Budget Estimates | Budget Estimates | Over 2015/2016 Budget Estimates | | Actuals |
| | \$ | \$ | \$ | % | \$ |
| Revenues: | | | | | |
| Grants for Student Needs | 518,107,303 | 516,047,691 | 2,059,612 | | 516,316,110 |
| Other Ministry Grants | 6,334,508 | 6,131,658 | 202,850 | | 10,887,094 |
| Miscellaneous | 5,224,395 | 4,458,028 | 766,367 | | 5,933,968 |
| Total Revenues: | <u>529,666,206</u> | <u>526,637,377</u> | <u>3,028,829</u> | <u>0.58%</u> | <u>533,137,172</u> |
| Expenditures: | | | | | |
| Program Instruction: | | | | | |
| Classroom Teachers | 314,131,769 | 309,385,371 | 4,746,398 | | 309,770,089 |
| System Principals, Consultants & Support | 5,258,630 | 5,008,103 | 250,527 | | 4,669,139 |
| Occasional Teachers | 8,435,000 | 9,300,000 | (865,000) | | 11,470,483 |
| Educational Assistants | 30,117,194 | 29,772,191 | 345,003 | | 30,419,082 |
| Early Childhood Educators | 12,121,123 | 11,904,564 | 216,559 | | 10,962,452 |
| Professional & Para-Professionals | 16,516,296 | 16,253,901 | 262,395 | | 16,304,192 |
| Class Texts, Instructional Supplies | 16,608,078 | 17,110,190 | (502,112) | | 15,511,046 |
| Instructional Computers | 4,616,910 | 5,774,800 | (1,157,890) | | 5,314,730 |
| Instructional Staff Development | 3,502,969 | 3,036,971 | 465,998 | | 3,801,879 |
| School Administration | 33,155,885 | 33,155,918 | (33) | | 33,679,108 |
| Continuing Education | 4,534,747 | 4,262,697 | 272,050 | | 6,087,843 |
| | <u>448,998,600</u> | <u>444,964,706</u> | <u>4,033,894</u> | <u>0.91%</u> | <u>447,990,043</u> |
| Program Support: | | | | | |
| Board Administration & Governance | 13,140,701 | 13,309,677 | (168,976) | | 13,117,982 |
| School Operations | 50,116,414 | 50,162,994 | (46,580) | | 53,747,671 |
| Transportation | 15,410,491 | 16,200,000 | (789,509) | | 14,759,594 |
| | <u>78,667,606</u> | <u>79,672,671</u> | <u>(1,005,065)</u> | <u>(1.26%)</u> | <u>81,625,247</u> |
| Non-Operating: | | | | | 687,211 |
| Contingency: | 2,000,000 | 2,000,000 | - | | - |
| Total Expenditures: | <u>529,666,206</u> | <u>526,637,377</u> | <u>3,028,829</u> | <u>0.58%</u> | <u>530,302,501</u> |
| Accumulated Surplus | - | - | - | | 2,834,671 |

Hamilton-Wentworth District School Board
2016/2017 Budget Estimates
Summary of Expenditures by Expense Type

| | 2016/2017 Budget Estimates | 2015/2016 Budget Estimates | Increase (Decrease) Over 2015/2016 Budget | | 2014/2015 Actuals |
|-----------------------------|---|---|--|---------------------|------------------------------|
| | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>%</u> | <u>\$</u> |
| Remuneration | | | | | |
| Salaries & Wages | 383,732,556 | 378,152,269 | 5,580,287 | | 379,594,582 |
| Employee Benefits | 65,261,723 | 64,354,666 | 907,057 | | 64,278,747 |
| Temporary Assistance | 14,234,331 | 15,734,331 | (1,500,000) | | 18,695,130 |
| | <u>463,228,610</u> | <u>458,241,266</u> | <u>4,987,344</u> | <u>1.09%</u> | <u>462,568,459</u> |
| Consumables | | | | | |
| Professional Development | 3,642,769 | 3,215,971 | 426,798 | | 3,933,753 |
| Textbooks & Supplies | 22,144,057 | 22,437,900 | (293,843) | | 21,429,509 |
| Energy | 9,877,900 | 9,877,900 | - | | 10,100,170 |
| Repairs & Minor Renovations | 3,520,000 | 3,202,840 | 317,160 | | 3,434,943 |
| Computing Equipment | 1,020,516 | 2,147,746 | (1,127,230) | | 3,719,863 |
| Rentals | 2,316,922 | 2,681,180 | (364,258) | | 1,735,953 |
| Fees & Contractual Services | 6,412,477 | 6,594,339 | (181,862) | | 8,261,757 |
| Other Expense | 875,894 | 815,387 | 60,507 | | 893,000 |
| | <u>49,810,535</u> | <u>50,973,263</u> | <u>(1,162,728)</u> | <u>(2.28%)</u> | <u>53,508,948</u> |
| Transportation | 14,627,061 | 15,422,848 | (795,787) | (5.16%) | 14,225,094 |
| Contingency | 2,000,000 | 2,000,000 | - | | |
| Accumulated Surplus | - | - | - | | 2,834,671 |
| Total Expenditures | <u><u>529,666,206</u></u> | <u><u>526,637,377</u></u> | <u><u>3,028,829</u></u> | <u><u>0.58%</u></u> | <u><u>533,137,172</u></u> |

Hamilton-Wentworth District School Board
2016-17 Capital Budget
Summary of Funding Sources and Expenditures

| | 2016/2017 Budget Estimates | 2015/2016 Budget Estimates | Increase (Decrease) Over 2015/2016 Budget Estimates | |
|--|---|---|--|-----------------------|
| | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>%</u> |
| Funding Sources: | | | | |
| Ministry Capital Allocation | 52,244,000 | 64,305,423 | (12,061,423) | (18.76%) |
| Estimated Proceeds of Disposition | 12,500,000 | 5,000,000 | 7,500,000 | 150.0% |
| Ministry Capital Debt (Interest) Support Payment | 7,609,723 * | 7,882,809 | (273,086) | (3.46%) |
| Temporary Accommodation | 722,014 | 302,500 | 419,514 | 138.7% |
| Amortization | 33,957,394 | 29,738,383 | 4,219,011 | 14.2% |
| Total Funding Sources | \$ <u>107,033,131</u> | \$ <u>107,229,115</u> | \$ <u>(195,984)</u> | <u>(0.18%)</u> |
| Expenditures: | | | | |
| Construction in Progress | 64,744,000 " | 69,305,423 | (4,561,423) | (6.58%) |
| Capital Debt Interest | 7,609,723 * | 7,882,809 | (273,086) | (3.46%) |
| Temporary Accommodations | 722,014 | 302,500 | 419,514 | 138.7% |
| Amortization | 33,957,394 | 29,738,383 | 4,219,011 | 14.2% |
| Total Expenditures | \$ <u>107,033,131</u> ^ | \$ <u>107,229,115</u> | \$ <u>(195,984)</u> | <u>(0.18%)</u> |

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.

" See Appendix D-1 for Construction in Progress projects.

^ 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.

**Hamilton-Wentworth District School Board
2016-17 Budget Estimates
Capital Budget**

| | Funding Sources | | | | | | | |
|--|----------------------|-------------------|------------------|------------------|------------------|-------------------|-------------------|----------------------|
| | Expenditures | Capital | School | Full Day | Other | SRG | Proceeds of | Total |
| | Total | Priorities | Consolidation | Kindergarten | Ministry | and SCI | Disposition | Funding |
| | Estimated | | Capital | | | | | |
| | Capital Budget | | | | | | | |
| Construction in Progress | | | | | | | | |
| New North Secondary School | 14,000,000 | 14,000,000 | | | | | | 14,000,000 |
| Nora F. Henderson Secondary School | 4,000,000 | 4,000,000 | | | | | | 4,000,000 |
| Tiffany Hills Elementary School | 1,000,000 | 1,000,000 | | | | | | 1,000,000 |
| New Greensville Elementary School | 500,000 | 500,000 | | | | | | 500,000 |
| New Beverly Elementary School | 3,000,000 | | 3,000,000 | | | | | 3,000,000 |
| Dalewood Elementary School Renovation | 500,000 | | | | | | 500,000 | 500,000 |
| Franklin Road Elementary School | 2,427,000 | | 450,000 | 494,000 | 1,483,000 | | | 2,427,000 |
| Ridgemount Elementary School | 3,520,000 | | 2,384,000 | 494,000 | | 642,000 | | 3,520,000 |
| Pauline Johnson Elementary School | 3,797,000 | | 2,422,000 | 1,375,000 | | - | | 3,797,000 |
| Secondary Facility Benchmark Projects | 11,000,000 | | | | | 7,000,000 | 4,000,000 | 11,000,000 |
| Elementary Facility Benchmark Projects | 11,000,000 | | | | | 5,000,000 | 6,000,000 | 11,000,000 |
| Secondary Program Strategy Projects | 2,000,000 | | | | | | 2,000,000 | 2,000,000 |
| School Renewal Projects | 8,000,000 | | | | | 8,000,000 | | 8,000,000 |
| Total | \$ 64,744,000 | 19,500,000 | 8,256,000 | 2,363,000 | 1,483,000 | 20,642,000 | 12,500,000 | \$ 64,744,000 |

Hamilton-Wentworth District School Board

2016/2017 Budget Estimates

Summary of Staffing

| | 2016/2017 Budget Estimates | 2015/2016 Budget Estimates | Inc (Dec) Over 15/16 Budget | Notes | 2014/15 Actual |
|--|----------------------------------|----------------------------------|-----------------------------------|-------|-------------------|
| Program Instruction | | | | | |
| Classroom Teachers | | | | | |
| Elementary | 2,100.30 | 2,115.50 | (15.20) | 2 | 2,112.70 |
| Secondary | 1,006.93 | 1,059.50 | (52.57) | 2 | 1,079.00 |
| Total Classroom Teachers | 3,107.23 | 3,175.00 | (67.77) | | 3,191.70 |
| Educational Assistants | 585.00 | 582.00 | 3.00 | 3 | 579.00 |
| Early Childhood Educators | 230.00 | 226.00 | 4.00 | 2 | 220.00 |
| Professionals & Para-Professionals | 166.10 | 167.10 | (1.00) | 5 | 168.60 |
| School Administration | | | | | |
| Principals & Vice Principals | 160.00 | 161.00 | (1.00) | 2 | 165.00 |
| Clerical/Secretarial Support | 197.50 | 198.50 | (1.00) | 4 | 198.50 |
| Total School Administration | 357.50 | 359.50 | (2.00) | | 363.50 |
| System Principals, Consultants & Support | | | | | |
| System Principals, Consultants | 40.67 | 39.67 | 1.00 | 2,6 | 38.67 |
| Administrative Support Staff | 4.00 | 4.00 | 0.00 | | 4.00 |
| Total System Principals, Consultants & Support | 44.67 | 43.67 | 1.00 | | 42.67 |
| Continuing Education | 10.50 | 10.50 | 0.00 | | 10.50 |
| Total Program Instruction | 4,501.00 | 4,563.77 | (62.77) | | 4,575.97 |
| Program Support | | | | | |
| Board Administration & Governance | 112.00 | 114.00 | (2.00) | 7 | 115.00 |
| School Operations | 430.00 | 432.50 | (2.50) | 4 | 441.50 |
| Transportation | 5.50 | 5.50 | 0.00 | | 5.50 |
| Total Program Support | 547.50 | 552.00 | (4.50) | | 562.00 |
| Capital | | | | | |
| School Renewal | 8.50 | 8.50 | 0.00 | | 8.50 |
| Total Staff | 5,057.00 | 5,124.27 | (67.27) | | 5,146.47 |

2015/16 Budget staffing represents impact of enrolment projections, legislative and collective agreements, class size compl
 Reflects impact of change in enrolment
 Staffing enhancement to support student need
 Staffing changes due to school closure
 Staffing changes due to restructuring Professionals & Paraprofessionals
 Staffing changes due to Ministry transferring EPO revenue to GSN allowing temporary positions to be permanent
 Staffing changes to reflect restructuring of Board Admin & Governance due to retirements

FTE = Full Time Equivalent