



## EXECUTIVE REPORT TO FINANCE AND FACILITIES COMMITTEE

**TO:** Finance and Facilities Committee

**FROM:** Manny Figueiredo, Director of Education

**DATE:** June 7, 2017

**PREPARED BY:** Stacey Zucker, Executive Superintendent of Board Operations and Treasurer  
Denise Dawson, Senior Manager of Business

**RE:** **2017-18 Budget Estimates**

---

Action ✓

Monitoring

### Recommended Actions:

1. That the Board approve the 2017-18 Operating Budget expenditures in the amount of \$558,749,514 and that the Executive Superintendent of Board Operations and Treasurer be authorized to proceed with the expenditure of funds as outlined in Appendix C dated June 7, 2017.
2. That the Board approve the 2017-18 Capital Budget expenditures in the amount of \$149,418,425 and that the Executive Superintendent of Board Operations and Treasurer be authorized to proceed with the expenditure of funds as outlined in Appendix D dated June 7, 2017. The Executive Superintendent of Board Operations 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 2017-18 Budget:

Appendix A	2017-18 Summary of Enrolment Projections
Appendix B	2017-18 Operating Budget: Summary of Revenues and Expenditures
Appendix C	2017-18 Summary of Expenditures by Economic Classification
Appendix D	2017-18 Capital Budget
Appendix E	2017-18 Staffing Summary

### Rationale

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 2017-18 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 2018-19 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 2017-18 Preliminary Operating Budget is balanced)
- To support students, the Board will be increasing Educational Assistant support in the classroom by 44.0 FTE
- The Board incorporated staffing increases to Elementary Teachers (75.4 FTE) and Early Childhood Educators (25.0 FTE) as a result of increased enrolment, decreased grade 4-8 class size, new caps placed on full day kindergarten classes and other additional staff as a result of contract extensions.
- Support will be provided for high priority schools with additional Elementary Vice-Principals and Office Administrators and Reading Specialist Teachers.
- The budget fully support the continued roll out of devices to support Transforming Learning Everywhere
- 2<sup>nd</sup> Year of implementation of the Capital Plan is incorporated into the 2017-18 Capital Budget
- 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 2017-18 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, 2017 to review all aspects of the 2017-18 Budget Estimates. At the same time, the following reports were brought forward to the Board for approval:

- January 23, 2017- Approval of Key Parameters/Assumptions to Guide 2017-18 Budget Development
- January 23, 2017- Approval of Budget Priorities for Public Consultation
- March 27, 2017 – Approval of Budget Priorities to Guide the Development of the 2017-18 Budget
- April 10, 2017 - Approval of 2017-18 School Based Staffing

In addition, the preliminary special education budget for 2017-18 was shared with the Special Education Advisory Committee on May 31, 2017.

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 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 35,285.00 elementary students has been used to develop the 2017-18 Budget Estimates which is an increase of 158.00 ADE or 0.45% from the 2016-17 Revised Estimates. This increase reflects continued growth that is consistent with the increase in enrolment experienced by the Board in 2016-17 as new families continue to move into the Hamilton-Wentworth community. An ADE of 13,932.75 has been estimated for secondary students, a decrease of 187.00 or 1.32% from the 2016-17 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 48,217.75 which represent a 0.06% decrease, or 29.0 ADE from the 2016-17 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). 98% of total operating revenue comes from the Province through the GSN. The 2017-18 GSN is estimated to be \$548.7 million which is an increase of approximately \$20.6 million or 3.8% from the 2016-17 Revised Budget Estimates. The increase in GSN funding for HWDSB is due to increases to salary and benefit benchmarks and additional grants to fund local priorities staffing commitments announced by the Ministry which were negotiated through the Central Labour Extension Agreements.

The remaining \$10 million in operating revenue comes from other Ministry grants and miscellaneous revenue. This amount is less than the 2016-17 Revised Budget Estimates due to the timing of the release of Education Program Other Grants (EPO) by the Ministry.

## ***Operating Expenditure Projections (Appendix B and C)***

The operating expenditures are projected to be \$558.7 million, an increase of approximately \$18.1 million or 3.34 % from the 2016-17 Revised 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 utilities, fuel costs, leases and other known fixed increases.
- Increases to salaries and negotiated benefits in accordance with the Central Labour Extensions Agreements (funded by the Ministry).
- Additional staffing for special education and other local priorities negotiated through the Central Labour Extension 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 savings as a result of a reduction in textbook and supplies budget to realign some budgets with actual spending and other reductions required to balance the 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 2017-18, the Board is projected to spend approximately \$108.5 million on capital related projects.

In addition, the Board will pay interest on debentures for previous capital projects in the amount of \$8.2 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 2017-18.

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 2017, 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. Any revenue and expenditure effects will be included in the Revised Estimates in December 2017.

## Hamilton-Wentworth District School Board

## 2017/2018 Budget Estimates

## Enrolment Projections

	2017/2018 Budget Estimate	2016/2017 Revised Budget Estimate	Increase (Decrease) ADE	Increase (Decrease) %
<b>Elementary</b>				
Full Day Kindergarten	6,888.00	6,842.00	46.00	0.67%
Primary	10,504.00	10,552.00	(48.00)	(0.45%)
Grades 4 -8	17,365.00	17,218.00	147.00	0.85%
Special Education	528.00	515.00	13.00	2.52%
<b>Total Elementary Enrolment</b>	<b>35,285.00</b>	<b>35,127.00</b>	<b>158.00</b>	<b>0.45%</b>
<b>Total Secondary Enrolment</b>	13,932.75	14,119.75	(187.00)	(1.32%)
<b>Total Enrolment</b>	<b>49,217.75</b>	<b>49,246.75</b>	<b>(29.00)</b>	<b>(0.06%)</b>

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**  
**2017/2018 Budget Estimates**  
**Summary of Operating Revenues and Expenditures**

	<b>2017/2018 Budget Estimates</b>	<b>2016/2017 Revised Budget Estimates</b>	<b>Increase (Decrease) Over 2016/2017 Revised Budget</b>		<b>2015/2016 Actuals</b>
	\$	\$	\$	%	\$
<b>Revenues:</b>					
Grants for Student Needs	548,692,998	528,055,879	20,637,119		518,385,845
Other Ministry Grants	4,857,796	7,416,148	(2,558,352)		10,828,187
Miscellaneous	5,198,720	5,224,393	(25,673)		5,545,921
<b>Total Revenues:</b>	<b><u>558,749,514</u></b>	<b><u>540,696,420</u></b>	<b><u>18,053,094</u></b>	<b><u>3.34%</u></b>	<b><u>534,759,953</u></b>
<b>Expenditures:</b>					
<b>Program Instruction:</b>					
Classroom Teachers	331,063,592	320,339,396	10,724,197		311,139,324
System Principals, Consultants & Support	5,085,346	5,258,630	(173,284)		5,079,359
Occasional Teachers	9,509,500	8,635,000	874,500		14,470,972
Educational Assistants	33,759,813	31,008,194	2,751,619		33,120,748
Early Childhood Educators	14,502,164	13,328,123	1,174,041		11,768,151
Professional & Para-Professionals	16,923,332	16,516,296	407,036		17,054,324
Class Texts, Instructional Supplies	15,533,071	17,846,718	(2,313,647)		13,808,085
Instructional Computers	4,640,160	4,616,910	23,250		5,363,536
Instructional Staff Development	3,984,512	3,502,969	481,543		3,259,573
School Administration	34,879,707	33,475,885	1,403,822		33,428,351
Continuing Education	4,868,085	4,534,747	333,338		6,188,589
	<b><u>474,749,282</u></b>	<b><u>459,062,867</u></b>	<b><u>15,686,415</u></b>	<b><u>3.42%</u></b>	<b><u>454,681,012</u></b>
<b>Program Support:</b>					
Board Administration & Governance	13,847,982	13,313,043	534,939		13,270,658
School Operations	52,298,433	50,841,122	1,457,311		51,919,166
Transportation	15,853,817	15,479,388	374,429		15,201,563
	<b><u>82,000,232</u></b>	<b><u>79,633,553</u></b>	<b><u>2,366,679</u></b>	<b><u>2.97%</u></b>	<b><u>80,391,387</u></b>
<b>Non-Operating:</b>	-	-	-		606,544
<b>Contingency:</b>	2,000,000	2,000,000	-		-
<b>Accumulated Surplus (Deficit)</b>					(918,990)
<b>Total Expenditures:</b>	<b><u>558,749,514</u></b>	<b><u>540,696,420</u></b>	<b><u>18,053,094</u></b>	<b><u>3.34%</u></b>	<b><u>534,759,953</u></b>

## Hamilton-Wentworth District School Board

## 2017/2018 Budget Estimates

## Summary of Expenditures by Economic Classification

	2017/2018	2016/2017	Increase (Decrease)		2015/2016
	Budget Estimates	Revised Budget Estimates	Over 2016/2017 Budget		Actuals
	\$	\$	\$	%	\$
<b>Remuneration</b>					
Salaries & Wages	401,908,676	388,512,180	13,396,496		386,510,638
Employee Benefits	74,368,593	69,084,412	5,284,181		65,260,774
Temporary Assistance	15,310,256	14,414,331	895,925		19,533,493
	<u>491,587,525</u>	<u>472,010,923</u>	<u>19,576,602</u>	<u>4.15%</u>	<u>471,304,905</u>
<b>Consumables</b>					
Professional Development	4,122,562	3,642,769	479,793		3,368,718
Textbooks & Supplies	20,619,148	23,384,364	(2,765,216)		17,918,457
Energy	10,295,000	9,877,900	417,100		10,010,515
Repairs & Minor Renovations	3,667,100	3,520,000	147,100		3,274,279
Computing Equipment	1,043,485	1,020,516	22,969		3,243,021
Rentals	2,300,476	2,316,916	(16,440)		2,367,153
Fees & Contractual Services	7,245,758	7,420,078	(174,320)		8,912,537
Other Expense	950,021	875,894	74,127		679,000
	<u>50,243,550</u>	<u>52,058,437</u>	<u>(1,814,887)</u>	<u>(3.49%)</u>	<u>49,773,680</u>
<b>Transportation</b>	14,918,439	14,627,061	291,378	1.99%	14,600,358
<b>Contingency</b>	2,000,000	2,000,000	-		-
<b>Accumulated Surplus</b>	-	-	-		(918,990)
<b>Total Expenditures</b>	<u><u>558,749,514</u></u>	<u><u>540,696,421</u></u>	<u><u>18,053,093</u></u>	<u><u>3.34%</u></u>	<u><u>534,759,953</u></u>

## Hamilton-Wentworth District School Board

## 2017-18 Capital Budget

## Summary of Funding Sources and Expenditures

	<u>2017/2018 Budget Estimates</u> \$	<u>2016/2017 Budget Estimates</u> \$	<u>Increase (Decrease) Over 2016/2017 Budget Estimates</u> \$ %	
<b>Funding Sources:</b>				
Ministry Capital Allocation	91,550,000	52,244,000	39,306,000	75.2%
Estimated Proceeds of Disposition	17,000,000	12,500,000	4,500,000	36.0%
Ministry Capital Debt (Interest) Support Payment	7,387,911 *	7,609,723	(221,812)	(2.91%)
Temporary Accommodation	866,014	722,014	144,000	19.9%
Amortization	32,614,500	33,957,394	(1,342,894)	(3.95%)
<b>Total Funding Sources</b>	<b>\$ <u>149,418,425</u></b>	<b>\$ <u>107,033,131</u></b>	<b>\$ <u>42,385,294</u></b>	<b><u>39.6%</u></b>
<b>Expenditures:</b>				
Construction in Progress	108,550,000 +	64,744,000	43,806,000	67.7%
Capital Debt Interest	7,387,911 *	7,609,723	(221,812)	(2.91%)
Temporary Accommodations	866,014	722,014	144,000	19.9%
Amortization	32,614,500	33,957,394	(1,342,894)	(3.95%)
<b>Total Expenditures</b>	<b>\$ <u>149,418,425</u> ^</b>	<b>\$ <u>107,033,131</u></b>	<b>\$ <u>42,385,294</u></b>	<b><u>39.6%</u></b>

## NOTES

+ Appendix D-1 shows a breakdown of the 2017-18 Construction in Progress projects.

\* 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.



**Hamilton-Wentworth District School Board  
2017-18 Budget Estimates  
Capital Budget**

	Expenditures	Funding Sources						
	Total Estimated Capital Budget	Capital Priorities	School Consolidation Capital	Full Day Kindergarten	Other Ministry	SRG and SCI	Proceeds of Disposition	Total Funding
<b>Construction in Progress</b>								
New North Secondary School	22,500,000	22,500,000						22,500,000
Nora F. Henderson Secondary School	11,500,000	11,500,000						11,500,000
New Greensville Elementary School	7,500,000	2,000,000		500,000			5,000,000	7,500,000
New Beverly Elementary School	6,000,000		6,000,000					6,000,000
Summit Park Elementary School	13,500,000	11,500,000		1,300,000	700,000			13,500,000
New Eastdale Elementary School	2,500,000	2,500,000				-		2,500,000
Sir Wilfrid Laurier Elementary School Addition	1,050,000	800,000		250,000				1,050,000
Secondary Facility Benchmark Projects	11,000,000					7,000,000	4,000,000	11,000,000
Elementary Facility Benchmark Projects	10,000,000					5,000,000	5,000,000	10,000,000
Secondary Program Strategy Projects	2,000,000						2,000,000	2,000,000
Elementary Program Strategy Projects	1,000,000						1,000,000	1,000,000
School Renewal Projects	8,000,000					8,000,000		8,000,000
Additional School Renewal/SCI	12,000,000					12,000,000		12,000,000
<b>Total</b>	<b>\$ 108,550,000</b>	<b>50,800,000</b>	<b>6,000,000</b>	<b>2,050,000</b>	<b>700,000</b>	<b>32,000,000</b>	<b>17,000,000</b>	<b>\$ 108,550,000</b>

## Hamilton-Wentworth District School Board

## 2017/2018 Budget Estimates

## Summary of Staffing

	2017/2018 Budget Estimates	2016/2017 Budget Estimates	Inc (Dec) Over 16/17 Budget	Notes	2015/16 Actual
<b>Program Instruction</b>					
Classroom Teachers					
Elementary	2,175.70	2,100.30	75.40	2,3	2,122.20
Secondary	997.17	1,006.90	(9.73)	2,3	1,044.25
Total Classroom Teachers	3,172.87	3,107.20	65.67		3,166.45
Educational Assistants	619.50	586.50	33.00	3,5	582.00
Early Childhood Educators	255.00	230.00	25.00	2	232.00
Professionals & Para-Professionals	164.70	167.70	(3.00)	3	167.10
School Administration					
Principals	99.00	101.00	(2.00)	4,5	102.00
Vice Principals	62.00	59.00	3.00	5	59.00
School Office Administration	203.00	197.50	5.50	3,4	197.50
Total School Administration	364.00	357.50	6.50		358.50
System Principals, Consultants & Support					
System Principals, Consultants	38.00	41.00	(3.00)	2	39.67
Administrative Support Staff	4.00	4.00	0.00		4.00
Total System Principals, Consultants & Support	42.00	45.00	(3.00)		43.67
Continuing Education	11.50	11.50	0.00		10.50
<b>Total Program Instruction</b>	<b>4,629.57</b>	<b>4,505.40</b>	<b>124.17</b>		<b>4,560.22</b>
<b>Program Support</b>					
Board Administration & Governance	113.00	113.00	0.00		115.00
School Operations	443.25	434.00	9.25	3,4	434.00
Transportation	5.50	5.50	0.00		5.50
<b>Total Program Support</b>	<b>561.75</b>	<b>552.50</b>	<b>9.25</b>		<b>554.50</b>
<b>Capital</b>					
School Renewal	7.50	7.50	0.00		8.50
<b>Total Staff</b>	<b>5,198.82</b>	<b>5,065.40</b>	<b>133.42</b>		<b>5,123.22</b>

1 2017/18 Budget staffing represents impact of enrolment projections, legislative and collective agreements, class size compliance

2 Reflects impact of change in enrolment

3 Local Priorities Staffing enhancement

4 Staffing changes due to school closure

5 Staffing changes to meet student needs

FTE = Full Time Equivalent