

EXECUTIVE REPORT TO FINANCE AND FACILITIES COMMITTEE

TO: Finance and Facilities Committee

FROM: Manny Figueiredo, Director of Education

DATE: June 13, 2019

PREPARED BY: Stacey Zucker, Associate Director Support Services and Treasurer
Denise Dawson, Senior Manager, Business Services

RE: **2019-2020 Budget Estimates**

Action ✓

Monitoring ☐

Recommended Actions:

1. That the Board approve the 2019-2020 Operating Budget expenditures in the amount of \$568,024,794 and that the Associate Director Support Services and Treasurer be authorized to proceed with the expenditure of funds as outlined in Appendix C dated June 13, 2019.
2. That the Board approve the 2019-2020 Capital Budget expenditures in the amount of \$158,683,132 and that the Associate Director Support Services and Treasurer be authorized to proceed with the expenditure of funds as outlined in Appendix D dated June 13, 2019. The Executive Superintendent of Board Operations and Treasurer is further authorized to secure short-term financing for project expenditures until such time as permanent funding is secured, if required.

The following appendices provide information regarding the 2019-2020 Budget:

Appendix A	2019-20 Enrolment Projections
Appendix B	2019-20 Summary of Revenues and Expenditures
Appendix C	2019-20 Summary of Expenditures by Economic Classification
Appendix D	2019-20 Capital Budget
Appendix E	2019-20 Summary of Staffing

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 2019-2020 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. Although the 2019-20 Budget process required difficult decisions in order to balance the budget, this 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.

Major Changes:

The following are the major highlights of the 2019-20 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 2019-20 Preliminary Operating Budget is balanced.)
- The Board incorporated staff changes related to change in class size, change in enrolment, school closure, elimination of local priorities funding, uncertainty related to PPF funding and other budget reductions/additions.
- To support students in the classroom, the Board will be adding 29.00 FTE Child and Youth Care Practitioners.
- The Board increased Early Childhood Educators staffing by 6.0 FTE to meet class size caps and requirements.
- Support will be provided to schools with additional Elementary Office Assistants.
- An additional 11.00 FTE teachers were added to the secondary school contingency to allow schools to provide the necessary classes for students.
- Mental Health Workers (4.0 FTE) with specialized training in mental health will be hired to support students in secondary schools.
- Additional 3.0 Board Certified Behaviour Analysts will be hired to support special education students with extraordinarily high needs.
- The budget fully supports the continued roll out of devices to support Transforming Learning Everywhere.
- 4th Year of implementation of the Capital Plan is incorporated into the 2019-20 Capital Budget.

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 2019-20 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 28, 2019 to review all aspects of the 2019-20 Budget Estimates. At the same time, the following reports were brought forward to the Board for approval:

- January 30, 2019- Approval of Key Parameters/Assumptions to Guide 2019-20 Budget Development
- April 15, 2019 - Approval of 2019-20 School Based Staffing

In addition, the preliminary special education budget for 2019-20 was shared with the Special Education Advisory Committee on May 29, 2019.

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 36,198.00 elementary students has been used to develop the 2019-20 Budget Estimates which is an increase of 276.00 ADE or 0.77% from the 2018-19 Revised Budget Estimates. This increase reflects continued growth that is consistent with the increase in enrolment experienced by the Board in 2018-19 as new families continue to move into the Hamilton-Wentworth community. An ADE of 13,549.75 has been estimated for secondary students, an decrease of 178.75 ADE or (1.30%) from the 2018-19 Revised Budget Estimates. The Board continues to project declining enrolment in the secondary panel consistent with experience in past years. The overall projected ADE is 49,747.75 which represent a 0.20% increase from the 2018-19 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). Approximately 98% of total operating revenue comes from the Province through the GSN. The 2019-20 GSN is estimated to be \$558.8 million which is an decrease of approximately \$3.2 million or (0.56%) from the 2018-19 Revised Budget Estimates. The decrease in GSN funding for school boards is a result of a reduction in funding for students in Grades 9 through 12 as the Ministry increases class size over the next four years from 22.0 to 28.0, the elimination of the secondary programming enhancement grant and a reduction in funding to provide for grade 4-8 class size of 24.5. A portion of this reduction is offset by the teacher job protection fund which will top-up HWDSB where the change in funded classroom teachers in these grades exceeds the actual number of teachers retiring or taking voluntary leaves in that year. The local priorities fund which was negotiated in the last round of bargaining to fund additional staffing expires on August 31, 2019 which reduced 2019-20 GSN revenue by \$5.1 million. There were additional grant reductions for DECE staffing, supplemental funding for education workers and for boards to manage central collective agreements. These reductions were partially offset by an increase in the benchmarks for a negotiated salary increase for teachers and education workers on August 31, 2019 and increases in the Transportation and School Operations non-staff benchmarks to assist with keeping up with rising costs. The Grants for Student needs were announced at a high level on April 26 followed by the technical paper release by the Ministry on May 27, 2019.

The remaining \$9.2 million in operating revenue comes from other Ministry grants and miscellaneous revenue. This amount is approximately \$4.7 million less than the 2018-19 Revised Budget Estimates due the elimination of some Priorities and Partnerships Funds (PPF) (former Education Program Other Grants) and the timing of release of financial information on other PPF by the Ministry.

Operating Expenditure Projections (Appendix B and C)

The operating expenditures are projected to be \$568.0 million, a decrease of approximately \$7.9 million or (1.36%) from the 2018-19 Revised Budget Estimates.

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

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

- Reduction in consumable budgets by \$2.5 million which includes school budgets, insurance premiums, central text and supply budgets, transition costs and reductions to both Facilities Management and Board Administration budgets
- Decrease to staff supply cost budget to reflect a half day decrease in sick usage as part of a strategic plan.
- Changes in staffing due to the following six reasons:
 - Change in Class Size
 - Change in Enrolment
 - School Closures
 - Elimination of Local Priorities Funding
 - Uncertainty Related to PPF (formerly EPO) funding
 - Other Budget Reductions/Additions
- Increases to salaries in accordance with the 2017-2019 Central Labour Extensions Agreements that are funded by the GSN are included in the 2019-20 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 2019-20, the Board is projected to spend approximately \$118.4 million on capital related projects.

In addition, the Board will pay interest on debentures for previous capital projects in the amount of \$6.5 million. This amount is fully supported by the Ministry through the GSN.

Conclusion

The Budget Estimates reflect the projected funding and proposed expenditures for 2019-20.

Central Labour Agreements with all education workers expire on August 31, 2019. Negotiations between the Ministry, Trustee Associations and Unions are in progress. Once these agreements are finalized, any adjustments in salary, benefits or staffing that will impact the 2019-20 budget will be reflected in the Revised Estimates prepared in the fall. As information on actual enrolments becomes available or any other Provincial operating or PPF grants are announced by the Ministry, it is likely that budget revisions will be required. The Ministry requires the submission of Revised Estimates, in December 2019, based on actual October enrolment and other adjustments impacting the 2019-20 Budget. Once submitted, funding from the Province will be adjusted to reflect any changes.

Hamilton-Wentworth District School Board

2019/2020 Budget Estimates

Enrolment Projections

	2018/2019 Revised Budget	2019/2020 Budget Estimate	Increase (Decrease) ADE	Increase (Decrease) %
Elementary				
Full Day Kindergarten	7,051.00	7,014.00	(37.00)	
Primary	10,642.00	10,826.00	184.00	
Grades 4 -8	17,746.00	17,875.00	129.00	
Special Education (note1)	483.00	483.00	-	
Total Elementary Enrolment	35,922.00	36,198.00	276.00	0.77%
Total Secondary Enrolment	13,728.50	13,549.75	(178.75)	(1.30%)
Total Enrolment	49,650.50	49,747.75	97.25	0.20%

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 - This enrolment is special education students that are placed in self-contained classes

Hamilton-Wentworth District School Board
2019/2020 Budget Estimates
Summary of Operating Revenues and Expenditures

	2019/2020 Budget Estimates	2018/2019 Revised Budget	Increase (Decrease) Over 2018/2019 Revised Budget	
	\$	\$	\$	%
Revenues:				
Grants for Student Needs	558,813,194	561,971,098	(3,157,904)	
Other Ministry Grants	3,690,990	8,514,882	(4,823,892)	
Miscellaneous	5,520,610	5,396,240	124,370	
Total Revenues:	<u>568,024,794</u>	<u>575,882,220</u>	<u>(7,857,426)</u>	<u>(1.36%)</u>
Expenditures:				
Program Instruction:				
Classroom Teachers	334,093,555	336,264,628	(2,171,073)	
System Principals, Consultants & Support	5,387,861	6,391,566	(1,003,705)	
Occasional Teachers	10,309,502	11,009,502	(700,000)	
Educational Assistants	35,105,785	34,557,018	548,767	
Early Childhood Educators	15,498,086	14,992,957	505,129	
Professional & Para-Professionals	17,455,654	18,116,770	(661,116)	
Class Texts, Instructional Supplies	16,307,949	17,581,024	(1,273,075)	
Instructional Computers	4,974,565	4,974,565	-	
Instructional Staff Development	1,912,814	3,422,742	(1,509,928)	
School Administration	35,434,479	35,865,129	(430,650)	
Continuing Education	6,816,368	6,445,856	370,512	
	<u>483,296,618</u>	<u>489,621,757</u>	<u>(6,325,139)</u>	<u>(1.29%)</u>
Program Support:				
Board Administration & Governance	13,968,437	14,804,946	(836,509)	
School Operations	52,440,040	52,843,458	(403,418)	
Transportation	17,319,699	16,712,059	607,640	
	<u>83,728,176</u>	<u>84,360,463</u>	<u>(632,287)</u>	<u>(0.75%)</u>
Contingency:	1,000,000	1,000,000	-	
Moving/Transitions:	-	900,000	(900,000)	
Total Expenditures:	<u>568,024,794</u>	<u>575,882,220</u>	<u>(7,857,426)</u>	<u>(1.36%)</u>

Hamilton-Wentworth District School Board

2019/2020 Budget Estimates

Summary of Expenditures by Economic Classification

	2019/2020 Budget Estimates	2018/2019 Revised Budget	Increase (Decrease) Over 2018/2019 Revised Budget	
	\$	\$	\$	%
Remuneration:				
Salaries & Wages	410,654,667	413,868,448	(3,213,781)	
Employee Benefits	75,047,676	74,490,342	557,334	
Temporary Assistance	15,919,035	16,658,723	(739,688)	
	<u>501,621,378</u>	<u>505,017,513</u>	<u>(3,396,135)</u>	<u>(0.67%)</u>
Consumables:				
Professional Development	2,075,814	3,642,292	(1,566,478)	
Textbooks & Supplies	21,439,846	22,959,966	(1,520,120)	
Energy	10,546,500	10,496,500	50,000	
Repairs & Minor Renovations	3,737,500	3,782,500	(45,000)	
Computing Equipment	371,115	399,744	(28,629)	
Rentals	3,225,036	3,564,862	(339,826)	
Fees & Contractual Services	7,073,340	7,748,825	(675,485)	
Other Expense	677,182	708,452	(31,270)	
	<u>49,146,333</u>	<u>53,303,141</u>	<u>(4,156,808)</u>	<u>(7.80%)</u>
Transportation:	16,257,083	15,661,566	595,517	3.80%
Contingency:	1,000,000	1,000,000	-	0.00%
Moving/Transitions :	-	900,000	(900,000)	(100.00%)
Total Expenditures:	<u><u>568,024,794</u></u>	<u><u>575,882,220</u></u>	<u><u>(7,857,426)</u></u>	<u><u>(1.36%)</u></u>

2019-20 Capital Budget

Summary of Funding Sources and Expenditures

	2019/2020 Budget Estimates \$	2018/2019 Budget Estimates \$	Increase (Decrease) Over 2018/2019 Budget Estimates \$ %	
Funding Sources:				
Ministry Capital Allocation	101,210,633	127,968,313	(26,757,680)	(20.91%)
Estimated Proceeds of Disposition	17,159,000	17,000,000	159,000	0.9%
Ministry Capital Debt (Interest) Support Payment	6,505,092 *	7,478,626 *	(973,534)	(13.02%)
Temporary Accommodation	713,561	692,100	21,461	3.1%
Amortization	33,094,846	31,617,300	1,477,546	4.7%
Total Funding Sources	\$ 158,683,132	\$ 184,756,339	\$ (26,073,207)	(14.11%)
Expenditures:				
Construction in Progress	118,369,633 +	144,968,313	(26,598,680)	(18.35%)
Capital Debt Interest	6,505,092 *	7,478,626 *	(973,534)	(13.02%)
Temporary Accommodations	713,561	692,100	21,461	3.1%
Amortization	33,094,846	31,617,300	1,477,546	4.7%
Total Expenditures	\$ 158,683,132 ^	\$ 184,756,339 ^	\$ (26,073,207)	(14.11%)

NOTES

+ Appendix D-1 shows a breakdown of the 2019-20 Construction in Progress projects.

* The Ministry fully funds the payment of debentures related to previously approved capital projects. There 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

2019-20 Budget Estimates

Capital Budget

Construction in Progress

	Expenditures	Funding Sources					
	Total Estimated Capital Budget	Capital Priorities	Full Day Kindergarten	Childcare Capital	SRG and SCI	Proceeds of Disposition	Total Funding
New Greensville Elementary School	7,640,310	2,000,000	390,000	802,310		4,448,000	7,640,310
New Nora F. Henderson Secondary School	23,600,000	23,600,000					23,600,000
Shannen Koostachin (Summit Park) Elementary School	250,000	250,000					250,000
Eastdale Elementary School	4,000,000	4,000,000					4,000,000
Collegiate Avenue Elementary School Addition	4,719,100	3,000,000 **	437,000 **	1,282,100 **			4,719,100
New Glendale Campus Elementary School	11,575,300	9,390,000	695,000	1,070,300		420,000	11,575,300
New Memorial Elementary School	9,299,932	6,790,000	550,000	1,079,932		880,000	9,299,932
Spring Valley (CH Bray) Elementary School	8,989,428	7,000,000 **	807,000 **	1,182,428 **			8,989,428
Mount Albion Elementary School Addition	6,054,636	4,590,000 **		1,464,636 **			6,054,636
Frank Panabaker (Ancaster Senior) Elementary School Addition	250,000	250,000					250,000
Rockton (West Flamborough) Elementary School	6,701,000	6,190,000		-		511,000	6,701,000
Bellmore Elementary School ChildCare Retrofit	1,442,478			1,442,478 **			1,442,478
Bennetto Elementary School ChildCare Retrofit	546,390			546,390 **			546,390
Dr. J Edgar Davey Elementary School ChildCare Retrofit	680,153			680,153 **			680,153
Helen Detwiler Elementary School ChildCare Retrofit	962,562			962,562 **			962,562
Huntington Park Elementary School ChildCare Retrofit	1,458,344			1,458,344 **			1,458,344
Secondary Facility Benchmark Projects	2,000,000					2,000,000 **	2,000,000
Elementary Facility Benchmark Projects	10,200,000				1,300,000	8,900,000 **	10,200,000
School Renewal Projects	8,000,000				8,000,000		8,000,000
Additional School Renewal/SCI Projects	10,000,000				10,000,000		10,000,000
Total	\$ 118,369,633	\$ 67,060,000	\$ 2,879,000	\$ 11,971,633	\$ 19,300,000	\$ 17,159,000	\$ 118,369,633

Note:

** Capital projects pending Ministry ATP approval

Hamilton-Wentworth District School Board

2019/2020 Budget Estimates

Summary of Staffing

	2019/2020 Budget Estimates	2018/2019 Budget Revised	Inc (Dec) Over 18/19 Revised Budget	Notes
Program Instruction				
Classroom Teachers				
Elementary	2,216.00	2,249.70	(33.70)	2,3,5
Secondary	931.66	988.15	(56.49)	2,3,4,5
Total Classroom Teachers	3,147.66	3,237.85	(90.19)	
Educational Assistants	633.00	627.00	6.00	3,5
Early Childhood Educators	266.00	260.00	6.00	2
Professionals & Para-Professionals	168.50	181.90	(13.40)	3,4,5
School Administration				
Principals	96.00	98.00	(2.00)	4,5
Vice Principals	64.00	66.50	(2.50)	4,5
School Office Administration	198.50	205.50	(7.00)	4,5
Total School Administration	358.50	370.00	(11.50)	
System Principals, Consultants & Support				
System Principals, Consultants	40.00	49.50	(9.50)	3,5
Administrative Support Staff	4.00	6.00	(2.00)	3
Total System Principals, Consultants & Support	44.00	55.50	(11.50)	
Continuing Education	17.00	17.00	0.00	
Total Program Instruction	4,634.66	4,749.25	(114.59)	
Program Support				
Board Administration & Governance	119.00	122.00	(3.00)	5
School Operations	423.25	442.50	(19.25)	3,4
Transportation	6.00	6.00	0.00	
Total Program Support	548.25	570.50	(22.25)	
Capital				
School Renewal	7.00	7.00	0.00	
Total Staff	5,189.91	5,326.75	(136.84)	

1 2019/20 Budget staffing represents impact of enrolment projections, legislative and collective agreements, class size compliance

2 Reflects impact of change in enrolment

3 Staffing Reduction announced by Ministry; class size, elimination of local priorities, uncertainty of PPFs

4 Staffing changes due to school closure

5 Budget additions(reductions) to meet system/student needs

FTE = Full Time Equivalent