



EXECUTIVE REPORT TO FINANCE AND FACILITIES COMMITTEE

TO: Finance and Facilities Committee

FROM: Manny Figueiredo, Director of Education

DATE: June 9, 2020

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

RE: **2020-2021 Budget Estimates**

Action

Monitoring

Recommended Actions:

1. That the Board approve the 2020-2021 Operating Budget expenditures in the amount of \$587,044,056 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 9, 2020.
2. That the Board approve the 2020-2021 Capital Budget expenditures in the amount of \$105,864,274 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 9, 2020. The Associate Director, Support Services and Treasurer is further authorized to secure short-term financing for project expenditures until such time as permanent funding is secured, if required.
3. Once the Grants for Student Needs (GSN) have determined the final board revenue for the 2020-2021 budget, any additional revenue will be placed in contingency to support equity/delivery expenditures related to COVID-19, special education, secondary pathways and bullying panel recommendations. If the GSN revenue is less than the revenue as presented in the 2020-2021 budget, the difference will be reduced from the contingency. An update will be provided to trustees in Fall 2020.
4. Once the final GSN revenue has been determined, if the difference is greater than \$ 1million and has a significant impact on the 2020-2021 budget, a report will be brought back to Trustees as soon as an emergency Finance and Facilities Committee and Board Meeting can be convened.

The following appendices provide information regarding the 2020-2021 Budget:

Appendix A	2020-21 Enrolment Projections
Appendix B	2020-21 Summary of Revenues and Expenditures
Appendix C	2020-21 Summary of Expenditures by Economic Classification
Appendix D	2020-21 Capital Budget
Appendix E	2020-21 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 2020-2021 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. 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 2020-21 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 2020-21 Preliminary Operating Budget is balanced.)
- The Board incorporated staff changes related to change in class size, change in enrolment, school closures/openings, addition of Support for Students Fund, uncertainty related to PPF funding and other budget reductions/additions.
- Through the Support for Student Funding negotiated with the Central Labour Agreements, the Board added an additional 16.6 Elementary and 7.33 Secondary Teachers to support special education, mental health initiatives and unique learning needs, plus 10 caretaking and maintenance staff to support our schools.
- The Support for Students fund will provide for additional Educational Assistants, Child and Youth Care Practitioners, PSSP staffing and Office Administration to support our students and schools.
- To support students in the classroom, the Board will be adding 2.00 FTE Child and Youth Care Practitioners.
- The Board increased Early Childhood Educators staffing by 4.0 FTE to meet class size caps and requirements.
- Support is provided to secondary students in special education classes through 3 additional classes.
- An additional 3.00 FTE teachers were added to the secondary school contingency to allow schools to provide the necessary classes for students.
- 5th Year of implementation of the Capital Plan is incorporated into the 2020-21 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 2020-21 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 regular basis since mid April to review all aspects of the 2020-21 Budget Estimates. At the same time, the following reports were brought forward to the Board for approval:

- February 24, 2020 - Approval of Key Parameters/Assumptions to Guide 2020-21 Budget Development
- April 20, 2020 - Approval of 2020-21 School Based Staffing

In addition, the preliminary special education budget for 2020-21 was shared with the Special Education Advisory Committee on May 6, 2020.

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 37,030.00 elementary students has been used to develop the 2020-21 Budget Estimates which is an increase of 832.00 ADE or 2.3% from the 2019-2020 Budget Estimates. This increase reflects continued growth that is consistent with the increase in enrolment experienced by the Board in 2019-20 as new families continue to move into the Hamilton-Wentworth community. An ADE of 13,617.00 has been estimated for secondary students, an increase of 67.25 ADE or .5% from the 2019-20 Budget Estimates. The Board is projecting an increase in secondary enrolment for this year based on continued growth in the Hamilton-Wentworth community and a larger grade 8 cohort moving to secondary for the next school year. The overall projected ADE is 50,647.00 which represent a 1.81% increase from the 2019-20 Budget Estimates.

Operating Revenue Projections (Appendix B)

The Ministry of Education has not released its funding announcement, technical paper or Electronic Financial Information System (EFIS) forms to calculate the Grants for Student Needs (GSN). The release of this information is expected by the end of June or early July. For the 2020-21 Budget, staff have calculated this revenue using their best estimates of how known changes such as salary and benefit increase through the central labour agreements will impact benchmarks in the grant calculations. In addition, the Ministry of Education has stated that there will be no significant changes in this year's GSN. Approximately 98.6% of total operating revenue comes from the Province through the GSN. The 2020-21 GSN is estimated to be \$578.7 million which is an increase of approximately \$19.9 million or 3.6% from the 2019-20 Budget Estimates. The increase in GSN funding for school board is due to the projected increase in enrolment for both elementary and secondary school, and salary and benefit increases for unionized workers through the negotiated central labour agreements. With these new central labour agreements, the Ministry has allocated approximately \$5.6 million in funding called the Support for Students Fund, to support staffing for special education, mental health, unique learning needs and well-being of schools. Once the Ministry releases the documents to support the final calculation of the GSN, any significant changes in the Budget Estimate revenue will be brought forward to the Trustees for review.

The remaining \$8.3 million in operating revenue comes from other Ministry grants and miscellaneous revenue. This amount is approximately \$900,000 less than the 2019-20 Budget Estimates due to a projected reduction in international student revenue as a result of the Covid 19 pandemic.

Operating Expenditure Projections (Appendix B and C)

The operating expenditures are projected to be \$587.0 million, an increase of approximately \$19 million or 3.35% from the 2019-20 Budget Estimates.

Operating expenditures include a salary component (approximately 88.5%) and a non-salary component (approximately 11.5%).

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

- Changes in staffing due to the following six reasons:
 - Change in Class Size
 - Change in Enrolment
 - School Closures/Opening

- Addition of Support for Students Funding
- Uncertainty Related to PPF (formerly EPO) funding
- Other Budget Reductions/Additions
- Increases to salaries in accordance with the 2019-2022 Central Labour Extensions Agreements that are funded by the GSN are included in the 2020-21 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 2020-21, the Board is projected to spend approximately \$62.3 million on capital related projects.

In addition, the Board will pay interest on debentures for previous capital projects in the amount of \$5.6 million. This amount is fully supported by the Ministry through the GSN.

Conclusion

The Budget Estimates reflect the projected funding and proposed expenditures for 2020-21.

Central Labour Agreements with all education workers have been ratified and reflect salary and benefit increases for each of 2019-20, 2020-21 and the 2021-22 school years. Local negotiations between the Board and Unions are in progress and are in various degrees of ratification. Since the Central Labour Agreements are finalized all adjustments in salary, benefits or staffing that will impact the 2020-21 budget are reflected in the Budget Estimates. After the release of the Grants for Student Needs and Technical Papers by the Ministry, grant revenue for the Budget will be revised and any differences in revenue will be brought forward to the Trustees at a later date. As information on actual enrolments becomes available or any other Provincial operating or PPF grants are announced by the Ministry, it is likely that additional budget revisions will be required. The Ministry requires the submission of Revised Estimates, in December 2020, based on actual October enrolment and other adjustments impacting the 2020-21 Budget. Once submitted, funding from the Province will be adjusted to reflect any changes.

Hamilton-Wentworth District School Board

2020/2021 Budget Estimates

Enrolment Projections

	2019/2020 Budget Estimate	2020/2021 Approved Budget	Increase (Decrease) ADE	Increase (Decrease) %
Elementary				
Full Day Kindergarten	7,014.00	7,204.00	190.00	
Primary	10,826.00	11,116.00	290.00	
Grades 4 -8	17,875.00	18,279.00	404.00	
Special Education (note1)	483.00	431.00	(52.00)	
Total Elementary Enrolment	36,198.00	37,030.00	832.00	2.30%
Total Secondary Enrolment	13,549.75	13,617.00	67.25	0.50%
Total Enrolment	49,747.75	50,647.00	899.25	1.81%

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

2020/2021 Budget Estimates

Summary of Operating Revenues and Expenditures

	2020/2021 Budget Estimates	2019/2020 Approved Budget	Increase (Decrease) Over 2019/2020 Approved Budget	
	\$	\$	\$	%
Revenues:				
Grants for Student Needs	578,716,045	558,813,194	19,902,851	
Other Ministry Grants	3,673,825	3,690,990	(17,165)	
Miscellaneous	4,654,186	5,520,610	(866,424)	
Total Revenues:	<u>587,044,056</u>	<u>568,024,794</u>	<u>19,019,262</u>	<u>3.35%</u>
Expenditures:				
Program Instruction:				
Classroom Teachers	345,131,783	334,093,554	11,038,229	
System Principals, Consultants & Support	5,841,145	5,387,861	453,284	
Supply Staff	12,159,837	11,952,043	207,794	
Educational Assistants	36,907,992	34,406,603	2,501,389	
Early Childhood Educators	15,121,741	14,554,728	567,013	
Professional & Para-Professionals	18,253,616	17,455,654	797,962	
Class Texts, Instructional Supplies	15,941,151	16,307,949	(366,798)	
Instructional Computers	4,870,364	4,974,565	(104,201)	
Instructional Staff Development	2,313,526	1,912,814	400,712	
School Administration	36,090,886	35,434,479	656,407	
Continuing Education	7,344,124	6,816,368	527,756	
	<u>499,976,165</u>	<u>483,296,618</u>	<u>16,679,547</u>	<u>3.45%</u>
Program Support:				
Board Administration & Governance	14,188,441	13,968,437	220,004	
School Operations	53,902,205	52,440,040	1,462,165	
Transportation	17,977,245	17,319,699	657,546	
	<u>86,067,891</u>	<u>83,728,176</u>	<u>2,339,715</u>	<u>2.79%</u>
Contingency:	1,000,000	1,000,000	-	
Total Expenditures:	<u>587,044,056</u>	<u>568,024,794</u>	<u>19,019,262</u>	<u>3.35%</u>

Hamilton-Wentworth District School Board

2020/2021 Budget Estimates

Summary of Expenditures by Economic Classification

	2020/2021 Budget Estimates	2019/2020 Approved Budget	Increase (Decrease) Over 2019/2020 Approved Budget	
	\$	\$	\$	%
Remuneration:				
Salaries & Wages	424,772,572	410,654,667	14,117,905	
Employee Benefits	78,078,166	75,047,676	3,030,490	
Temporary Assistance	16,482,686	15,919,035	563,651	
	<u>519,333,424</u>	<u>501,621,378</u>	<u>17,712,046</u>	<u>3.53%</u>
Consumables:				
Professional Development	2,478,526	2,075,814	402,712	
Textbooks & Supplies	20,985,860	21,504,762	(518,902)	
Energy	10,627,789	10,496,500	131,289	
Repairs & Minor Renovations	3,787,500	3,787,500	-	
Computing Equipment	601,955	601,955	-	
Rentals	2,767,931	2,774,582	(6,651)	
Fees & Contractual Services	7,840,194	7,190,598	649,596	
Other Expense	712,118	714,622	(2,504)	
	<u>49,801,873</u>	<u>49,146,333</u>	<u>655,540</u>	<u>1.33%</u>
Transportation:	16,908,759	16,257,083	651,676	4.01%
Contingency:	1,000,000	1,000,000	-	0.00%
Total Expenditures:	<u><u>587,044,056</u></u>	<u><u>568,024,794</u></u>	<u><u>19,019,262</u></u>	<u><u>3.35%</u></u>

2020-21 Capital Budget

Summary of Funding Sources and Expenditures

	2020/2021	2019/2020	Increase (Decrease)	
	Budget Estimates	Approved Budget	Over 2019/2020	Approved Budget
	\$	\$	\$	%
Funding Sources:				
Ministry Capital Allocation	54,811,000	101,210,633	(46,399,633)	(45.84%)
Estimated Proceeds of Disposition	7,550,000	17,159,000	(9,609,000)	(56.00%)
Ministry Capital Debt (Interest) Support Payment	5,599,616 *	6,505,092 *	(905,476)	(13.92%)
Temporary Accommodation	713,561	713,561	-	0.0%
Amortization	37,190,097	33,094,846	4,095,251	12.4%
Total Funding Sources	\$ 105,864,274	\$ 158,683,132	\$ (52,818,858)	(33.29%)
Expenditures:				
Construction in Progress	62,361,000 +	118,369,633	(56,008,633)	(47.32%)
Capital Debt Interest	5,599,616 *	6,505,092 *	(905,476)	(13.92%)
Temporary Accommodations	713,561	713,561	-	0.0%
Amortization	37,190,097	33,094,846	4,095,251	12.4%
Total Expenditures	\$ 105,864,274 ^	\$ 158,683,132 ^	\$ (52,818,858)	(33.29%)

NOTES

+ Appendix D-1 shows a breakdown of the 2020-21 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
2020-21 Budget Estimates
Capital Budget**

	Expenditures	Funding Sources						
	Total Estimated Capital Budget	Capital Priorities	Full Day Kindergarten	Childcare Capital	SRG and SCI	EDC	Proceeds of Disposition	Total Funding
Construction in Progress								
Collegiate Avenue Elementary School Addition	6,140,000	1,000,000	500,000	1,500,000	1,140,000		2,000,000	6,140,000
Glendale Campus Site Elementary School	7,230,000	5,850,000	990,000	110,000			280,000	7,230,000
Greenville Site Elementary School	3,900,000	-	490,000				3,410,000	3,900,000
Memorial Stoney Creek Site Elementary School	6,476,000	3,770,000	786,000	720,000			1,200,000	6,476,000
Mount Albion Elementary School Addition	4,860,000	2,800,000		1,400,000			660,000	4,860,000
Nora Frances Henderson Secondary School	200,000	200,000						200,000
Rockton Elementary School	500,000	500,000						500,000
Spring Valley Elementary School	700,000	700,000						700,000
Bellmore Elementary School ChildCare Retrofit	1,168,000			1,168,000				1,168,000
Bennetto Elementary School ChildCare Retrofit	1,187,000			1,187,000				1,187,000
Secondary Facility Benchmark Projects	7,000,000				7,000,000			7,000,000
Elementary Facility Benchmark Projects	5,000,000				5,000,000			5,000,000
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	\$ 62,361,000	\$ 14,820,000	\$ 2,766,000	\$ 6,085,000	\$ 31,140,000	\$ -	\$ 7,550,000	\$ 62,361,000

Hamilton-Wentworth District School Board

2020/2021 Budget Estimates

Summary of Staffing

	2020/2021 Budget Estimates	2019/2020 Budget Estimates	Inc (Dec) Over 19/20 Budget	Notes
Program Instruction				
Classroom Teachers				
Elementary	2,270.60	2,216.00	54.60	2,3,5,6
Secondary	940.80	935.66	5.14	2,3,5,6
Total Classroom Teachers	3,211.40	3,151.66	59.74	
Educational Assistants	636.00	633.00	3.00	6,7
Early Childhood Educators	270.00	266.00	4.00	2
Professionals & Para-Professionals	172.60	179.40	(6.80)	3,7
School Administration				
Principals	95.00	95.00	0.00	
Vice Principals	65.00	65.00	0.00	4,6
School Office Administration	195.50	199.00	(3.50)	4,6,7
Total School Administration	355.50	359.00	(3.50)	
System Principals, Consultants & Support				
System Principals, Consultants	42.00	42.50	(0.50)	3
Administrative Support Staff	4.00	4.00	0.00	
Total System Principals, Consultants & Support	46.00	46.50	(0.50)	
Continuing Education	16.00	16.00	0.00	
Total Program Instruction	4,707.50	4,651.56	55.94	
Program Support				
Board Administration & Governance	122.50	122.00	0.50	6
School Operations	431.25	422.25	9.00	4,5,6
Transportation	6.00	6.00	0.00	
Total Program Support	559.75	550.25	9.50	
Capital				
School Renewal	7.00	7.00	0.00	
Total Staff	5,274.25	5,208.81	65.44	

1 2020/21 Budget staffing represents impact of enrolment projections, legislative and collective agreements, class size compliance

2 Reflects impact of change in enrolment

3 Staffing reductions due to uncertainty of PPFs

4 Staffing changes due to school closure/opening

5 Staffing enhancement from Support for Student Funding

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

7 Additional staffing to be added based on decisions re use of Support for Student Funding

FTE = Full Time Equivalent