

**AGENDA: 5:30-8:30**

1. Call to Order
2. Approval of the Agenda
3. Key Parameters and Assumptions to Guide 2020/2021 Budget Development
4. Interim Financial Report – November 30, 2019
5. Future meeting dates for Budget Development
6. Resolution into Committee of the Whole (Private Session) as per the Education Act, Section 207.2 (b) the disclosure of intimate, personnel or financial information in respect of a member of the board or committee
7. Adjournment



## EXECUTIVE REPORT TO FINANCE AND FACILITIES COMMITTEE

**TO:** Finance and Facilities Committee

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

**DATE:** February 13, 2020

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

**RE:** **Key Parameters and Assumptions to Guide 2020/2021 Budget Development**

### Action x Monitoring

**Recommended Action:**

That the Key Parameters and Assumptions to guide the 2020/2021 Budget Development be approved.

**Background:**

In order to provide for the development of the 2020/2021 budget the following key steps and timelines have been identified:

- February Key Parameters/Assumptions to Guide Budget Development
- April School Based Staffing Recommendations
- Feb-May Executive Council and Finance and Facilities Committee develop/review budget
- May/June Public Finance and Facilities Committee Meeting and budget refinements to reflect new information if necessary
- By June 30 Approval of Budget

**Preliminary Budget Assumptions:**

**Enrolment Projection:**

	2019/2020 Revised Budget ADE	2020/2021 Projected Budget ADE	Increase (Decrease) ADE	Increase (Decrease) %
Elementary	36,631.00	37,027.00	396.00	1.08 %
Secondary	13,549.00	13,860.00	311.00	2.3%
Total	50,180.00	50,887.00	707.00	1.41%

The 2020/2021 preliminary enrolment projections are calculated based on historic enrolment trends and student retention rates on a school by school basis, and may be adjusted once the school principals provide validation and comment in early March 2020.

**Revenues:**

Grants for Student Needs (GSN) will be calculated to reflect a projected 0% change in the total grant base; subject to Ministry confirmation.

**Expenditures:**

- Salaries, benefits and staffing to reflect provincial legislation, and collective agreements in place.
- To provide for stability in the system and minimize in-year budget adjustments a contingency of \$1,000,000 will be set aside for unforeseen events that may arise.

**Allocation Parameters:**

- Ensure 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 all major expenditure categories.
- 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 are necessary, statutory positions are to be given priority for inclusion in the budget. Statutory positions to be calculated as the number required for Ministry class size requirements or collective agreement compliance.
- Where enhancements to the budget is possible, funding will be allocated to initiatives included in the Board's Priorities.

**Conclusion:**

The identification of parameters and assumptions to guide the development of the 2020/2021 Budget are used to prepare the Preliminary Budget Scenario which is necessary for many staffing and expenditure decisions to be made in the next few months to prepare for a smooth startup of the 2020/2021 school year. As the budget development exercise continues, and key information including the 2020/2021 GSN funding announcement is provided, these parameters and assumptions will be reviewed and revised for inclusion in the final Budget to be approved by June 2020.



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

**DATE:** February 13, 2020

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

**RE:** **Interim Financial Status Report – November 30, 2019**

**Action                      Monitoring x**

### Background:

The Interim Financial Status Report (Appendix A) consists of:

- Enrolment information, showing budgeted, forecasted and in-year change, in numeric and graph format, with explanations of key variances;
- Staffing information, showing budgeted, forecasted and in-year change, in numeric and graph format, with explanations of key variances;
- Financial information comparing the year-end forecast to the Budget, with explanations of key variances;
- Summarization of all information presented, in numeric and graph format, with explanations of key variances

The Interim Financial Status Report is prepared three times per year and presented to Finance and Facilities Committee for review. The key reporting dates are November 30, January 31 and March 31.

### Rationale/Benefits:

The Interim Financial Status Report presented is based on available information and assumptions as of November 30, 2019. Budget to actual trends were reviewed in order to forecast the Boards August 31, 2020 year-end position from a financial, staffing and enrolment perspective. The Interim Financial Status Report is prepared three times year and presented to Finance and Facilities Committee for review. The key reporting dates are November 30, January 31 and March 31.

### Staff Observation:

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 two fixed-in-time Full-Time Equivalent (FTE) values at October 31<sup>st</sup> and March 31<sup>st</sup> which are combined to produce the annualized Average Daily Enrolment (ADE). For budget purposes, enrolment is projected based on historical trends, student retention rate, growth in housing development and validation by principals of their school's projected enrolment.

An estimated ADE of 36,198 elementary and 13,549.75 secondary students was used to develop the 2019/20 Budget Estimates for Grants for Student Needs (GSN) and to determine staffing levels and expenditures required in the system. October 31, 2019 actual enrolment is now available and has been used to revise the budget for the 2019-20 school year. The revised elementary enrolment is projected to be 433.00 ADE higher than budget, while secondary revised enrolment is projected to be on budget. This revised projected enrolment has been used to calculate the Revised Estimates which the Board reported to the Ministry in December 2019 and used to adjust staffing levels and expenditure budgets accordingly.

The Revised Budget reflects an increase in Operating Grant Revenue of approximately \$14.85 million. GSN revenue has increased by \$2.7 million due to the changes in enrolment, offset by a reduction of 1.7 m. in the qualifications and experience grant as a result of the placement of teachers as of October 31, 2019. Priority and Partnership Funding (PPF) has increased by Other revenue has increased by \$11.2 million with additional announcements by the Ministry. Other revenue has increased due to an increase in international students as of October 31, 2019 and additional miscellaneous revenue that was not anticipated.

Expenditures in the Revised Budget have been increased for the addition of 31.8 FTE Elementary Teachers, 4.67 Secondary Teachers and 5.0 Program staff due to the change in enrolment, class size compliance and additional PPF funding. In addition, the additional PPF revenue has been allocated to other expenditures based on anticipated usage and funding has been set aside for transition support for the schools opening and closing this year.

Work to date has identified potential risk areas including supply usage for sick leave coverage that continue to be monitored and tracked. At this point, the \$1 million contingency is unspent and is projected to remain intact until the end of the year. As with all forecasts, as new information is received or as assumptions change, the resulting Interim Financial Reports will be updated accordingly.

**Conclusion:**

As the Interim Financial Status Report shows, even though revenue has increased due to changes in enrolment and funding allocations, there has been a corresponding increase in expenditures. Therefore, the Board is still on track to have a balanced budget for 2019-20.

Hamilton-Wentworth District School Board  
Interim Financial Report - Based on Information as of November 30, 2019  
For the Period Ending August 31, 2020

**Summary of Financial Results**

	Budget Estimates	Revised Budget	Forecast	In-Year Change	
				\$	%
<b>Revenues</b>					
Operating Grants	558,813,194	561,510,536	561,510,536	-	-
Capital & Debt	159,091,542	161,850,802	161,850,802	-	-
Priority & Partnership Funding	2,300,989	13,553,284	13,553,284		
Other Revenue	6,910,611	7,815,465	7,815,465	-	-
<b>Total Revenues</b>	<b>727,116,336</b>	<b>744,730,087</b>	<b>744,730,087</b>	<b>-</b>	<b>-</b>
<b>Expenditures</b>					
Classroom	483,296,618	496,579,840	496,579,840		
Other Operating	13,968,437	13,968,437	13,968,437		
Transportation	17,319,699	17,319,699	17,319,699		
Pupil Accommodation	211,531,582	214,862,111	214,862,111	-	-
Transitions Allocation	-	1,000,000	1,000,000	-	-
Other	1,000,000	1,000,000	1,000,000	-	-
<b>Total Expenditures</b>	<b>727,116,336</b>	<b>744,730,087</b>	<b>744,730,087</b>	<b>-</b>	<b>-</b>
<b>Surplus/(Deficit)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Change in Revenue**

Operating Revenue has been adjusted in the Revised Budget to reflect increases due to the fluctuations in enrolment and other changes due to teachers and DECE placement on the grid. Priority & Partnership Funding (PPF) has increased by \$11.2 M with additional announcements by the Ministry. Other Revenue has increased by \$905,000 with the increase in International student enrolment and additional miscellaneous revenue received by the Board.

**Change in Expenditures**

Expenditures in the Revised Budget have been increased for the addition of 31.8 Elementary Teachers, 4.67 FTE Secondary Teachers and 5.00 Program Support due to an increase in enrolment and additional PPF funding received. Other classroom expenditures have increased as an offset to the increased PPF funding. Additional funding was used to provide for a transitions allocation to support the opening and closing of new schools this year.

**Change in Surplus/Deficit**

There is a projected surplus of \$1m at this point in time as the budget contingency is still in tact.

**Risk Assessment and Recommendations**

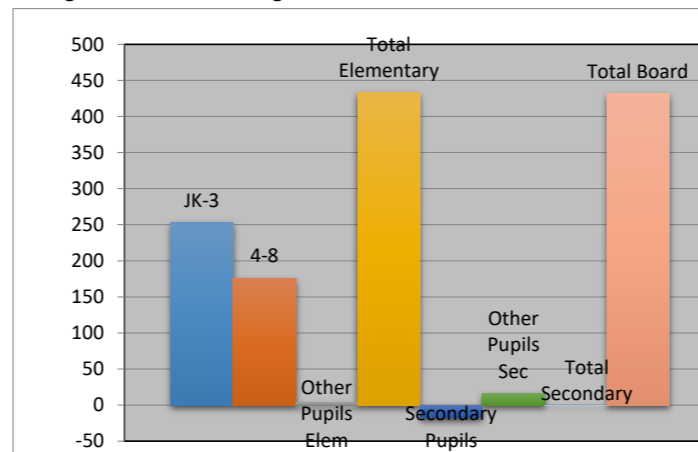
We will continue to monitor the assumptions and information used in compiling this forecast and we will revise the forecast as necessary.

NOTE: Budget to actual trends were reviewed in order to forecast August 31st year-end position. As with all forecasts, as information or assumptions change, this information will be updated accordingly.

**Summary of Enrolment**

Average Daily Enrolment	Budget	Forecast	Increase (Decrease)	
			#	%
<b>Elementary</b>				
JK-3	17,916.00	18,169.00	253.00	1.4%
4-8	18,261.00	18,437.00	176.00	1.0%
Other Pupils	21.00	25.00	4.00	19.0%
<b>Total Elementary</b>	<b>36,198.00</b>	<b>36,631.00</b>	<b>433.00</b>	<b>1.2%</b>
<b>Secondary &lt;21</b>				
Pupils of the Board	13,338.75	13,321.50	(17.25)	(0.1%)
Other Pupils	211.00	227.50	16.50	7.8%
<b>Total Secondary</b>	<b>13,549.75</b>	<b>13,549.00</b>	<b>(0.75)</b>	<b>(0.0%)</b>
<b>Total</b>	<b>49,747.75</b>	<b>50,180.00</b>	<b>432.25</b>	<b>0.9%</b>

**Changes in Enrolment: Budget versus Forecast**



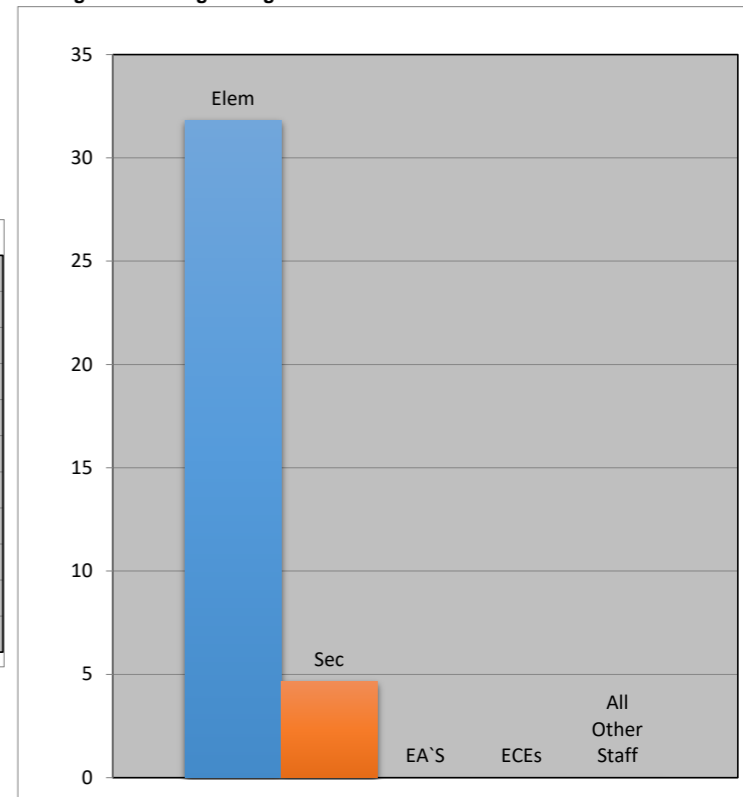
**Highlights of Changes in Enrolment:**

- Elementary enrolment is projected to be 433.00 ADE over budget due to growth in residential development in some areas of the city and the board continues to receive students into our schools from outside HWDSB, Ontario and Canada.
- Secondary enrolment is projected to be breakeven this year although there was significant increases/decreases in several schools due to the closure of SJAM and Delta and opening of Bernie Custis and changes due to residential growth projections.

**Summary of Staffing**

Full-Time Equivalent	Budget	Actual Nov 30/19	Forecast	Increase (Decrease)	
				#	%
<b>Program Instruction</b>					
Program Instruction	4,629.66	4,679.47	4,671.13	41.47	0.9%
Program Support	548.25	548.25	548.25	0.00	0.0%
Capital	7.00	7.00	7.00	0.00	0.0%
<b>Total</b>	<b>5,184.91</b>	<b>5,234.72</b>	<b>5,226.38</b>	<b>41.47</b>	<b>0.8%</b>

**Changes in Staffing: Budget versus Forecast**



**Highlights of Changes in Staffing:**

Elementary teachers reflect an increase of 31.8 FTE over budget in order to meet class size compliance and school and student needs due to enrolment changes. Secondary teachers reflect an increase of 4.67 ADE from budget due to the additional Priority & Partnership Funding (PPF) allocated by the Ministry. Consultants reflect an increase of 5.00 ADE from budget due to additional PPF funding received from Ministry.

**Budget Development Meeting Dates 2020****Thursdays 5:30-8:30**

March 12	F&F Regular
March 26	<i>AUDIT</i>
April 2	F&F Budget
April 16	<b>F&amp;F Regular</b>
April 23	F&F Budget
April 30	F&F Budget
May 7	<b>F&amp;F Regular</b>
May 21	F&F Budget
May 28	<i>AUDIT</i>
June 4	<b>F&amp;F Regular</b>