



## 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 Superintendent of Business 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 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 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) %
<b>Elementary</b>				
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%)
<b>Total Elementary Enrolment</b>	<b>34,298.00</b>	<b>34,132.00</b>	<b>(166.00)</b>	<b>(0.48%)</b>
<b>Total Secondary Enrolment</b>	14,947.25	14,110.25	(837.00)	(5.60%)
<b>Total Enrolment</b>	<b>49,245.25</b>	<b>48,242.25</b>	<b>(1,003.00)</b>	<b>(2.04%)</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

## 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
	\$	\$	\$	%	\$
<b>Revenues:</b>					
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
<b>Total Revenues:</b>	<b><u>529,666,206</u></b>	<b><u>526,637,377</u></b>	<b><u>3,028,829</u></b>	<b><u>0.58%</u></b>	<b><u>533,137,172</u></b>
<b>Expenditures:</b>					
<b>Program Instruction:</b>					
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
	<b><u>448,998,600</u></b>	<b><u>444,964,706</u></b>	<b><u>4,033,894</u></b>	<b><u>0.91%</u></b>	<b><u>447,990,043</u></b>
<b>Program Support:</b>					
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
	<b><u>78,667,606</u></b>	<b><u>79,672,671</u></b>	<b><u>(1,005,065)</u></b>	<b><u>(1.26%)</u></b>	<b><u>81,625,247</u></b>
<b>Non-Operating:</b>					687,211
<b>Contingency:</b>	2,000,000	2,000,000	-		-
<b>Total Expenditures:</b>	<b><u>529,666,206</u></b>	<b><u>526,637,377</u></b>	<b><u>3,028,829</u></b>	<b><u>0.58%</u></b>	<b><u>530,302,501</u></b>
<b>Accumulated Surplus</b>	-	-	-		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
	\$	\$	\$	%	\$
<b>Remuneration</b>					
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>
<b>Consumables</b>					
Professional Development	3,642,769	3,215,971	426,798		3,933,753
Textbooks & Supplies	22,144,057	22,437,900	(293,843)		19,591,695
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)		5,557,677
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>
<b>Transportation</b>	14,627,061	15,422,848	(795,787)	(5.16%)	14,225,094
<b>Contingency</b>	2,000,000	2,000,000	-		
<b>Total Expenditures</b>	<u><b>529,666,206</b></u>	<u><b>526,637,377</b></u>	<u><b>3,028,829</b></u>	<u><b>0.58%</b></u>	<u><b>530,302,501</b></u>
<b>Accumulated Surplus</b>	-	-	-		2,834,671
Salary and Benefit	463,228,610	458,241,266	4,987,344	1.09%	462,568,459
Non-Salary Expenditures	<u>66,437,596</u>	<u>68,396,111</u>	<u>(1,958,515)</u>	<u>(2.86%)</u>	<u>67,734,042</u>
	<u>529,666,206</u>	<u>526,637,377</u>	<u>3,028,829</u>	<u>0.58%</u>	<u>530,302,501</u>

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

	<b>2016/2017 Budget Estimates</b>	<b>2015/2016 Budget Estimates</b>	<b>Increase (Decrease) Over 2015/2016 Budget Estimates</b>	
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>%</u>
<b>Funding Sources:</b>				
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%
<b>Total Funding Sources</b>	<b>\$ <u>107,033,131</u></b>	<b>\$ <u>107,229,115</u></b>	<b>\$ <u>(195,984)</u></b>	<b><u>(0.18%)</u></b>
<b>Expenditures:</b>				
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%
<b>Total Expenditures</b>	<b>\$ <u>107,033,131</u></b> ^	<b>\$ <u>107,229,115</u></b>	<b>\$ <u>(195,984)</u></b>	<b><u>(0.18%)</u></b>

**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**

	<b>Expenditures</b>	<b>Funding Sources</b>						
	<b>Total Estimated Capital Budget</b>	<b>Capital Priorities</b>	<b>School Consolidation Capital</b>	<b>Full Day Kindergarten</b>	<b>Other Ministry</b>	<b>SRG and SCI</b>	<b>Proceeds of Disposition</b>	<b>Total Funding</b>
<b>Construction in Progress</b>								
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	11,000,000	
Elementary Facility Benchmark Projects	11,000,000					5,000,000	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	
<b>Total</b>	<b>\$ 64,744,000</b>	<b>19,500,000</b>	<b>8,256,000</b>	<b>2,363,000</b>	<b>1,483,000</b>	<b>20,642,000</b>	<b>12,500,000</b>	<b>\$ 64,744,000</b>