

York Catholic District School Board

2013-14

Allocation of Resources



**APPROVAL OF THE 2013-14
FINANCIAL ESTIMATES**

Presentation to Board

June 28, 2013

***Presented by:* John A. Sabo, Associate Director: Leading Services & Treasurer of the Board
Patricia Preston, Director of Education & Secretary of the Board**

Objectives Re: June 28, 2013 Meeting



1. Review final draft of the revenue and expenditure projections for the 2013-2014 Operating Budget, and identify changes from previous budget modules presented or discussed, as well as any new assumptions;
2. Present to the Board the motions required for the approval and implementation of the 2013-2014 Financial Estimates, along with related/enabling motions; and
3. Allow for discussion on the follow-up required for the implementation and monitoring of the 2013-2014 budget as well as for the preparation for the development of the 2014-2015 and future Operating Budgets.

BACKGROUND INFORMATION



In developing the 2013-14 Financial Estimates, a series of key meetings have been held:

- Public Board meetings have been held (February 12, March 5, April 9 and 23, May 21, June 4 and June 18, 2013) .
- Final Board Meeting Re Budget rescheduled to June 28, 2013.
- Labour Relations Committee meetings have also been held (April 9 and 29, May 29, June 18, and June 27, 2013).

Note: All Board and Committee meetings throughout the year have a direct and indirect relationship to Budget Development.

BUDGET BALANCING PROCESS



As previously noted and discussed at various meetings the budget balancing process includes three “simple” steps:

1. Calculate Estimated Revenue Entitlements
2. Calculate Estimated Expenditure Requirements
3. Ensure that Step #1 is greater or equal to Step #2

BUDGET BALANCING PROCESS



The Board's financial position is impacted by multi-year results:

- *the Past financial position.....influences/impacts*
- *the Current financial position... which influences/impacts*
- *the Future financial position*

As a result any net carry forward shortfall/surplus of one financial period influences the next period.

Note 1: *As previously reported to the Board a structural deficit exists which must be addressed in order to “apply” the above three-step budget balancing process.*

Note 2: *Also as previously reported to the Board, PSAB requirements will require provisions re: EFB (Employee Future Benefits) that impact deficit and compliance calculations.*

2013-14 BUDGET PROJECTIONS - SUMMARY



	Total Operating & Non – Operating	Total Operating
Revenue	\$641,993,256	\$555,345,571
Expenditures	641, 993,256	555,345,571
Difference	Nil	Nil

Note: For the 2013-14 financial estimate projections, the above includes \$2.075 million of capital transfer provision from Non-Operating to Operating. As a result Operating expenditures in budget material have been grossed up to \$557.42 million for reporting and monitoring purposes.

TOTAL OPERATING & NON-OPERATING REVENUE



<u>Revenue Summary</u>							
	<u>2012/13 Revised Estimates</u>		<u>2013/14 Revenue Projections</u>		<u>Difference</u>		
					<u>Increase</u>	<u>(Decrease)</u>	
						<u>%</u>	
OPERATING REVENUE							
Grants for Student Needs	\$	516,021,681	\$	514,943,156	\$	(1,078,525)	-0.21%
Other Grants		19,570,637		28,010,164		8,439,527	43.12%
Other Revenue		4,838,754		5,631,630		792,876	16.39%
Continuing Education-Other		5,978,748		6,760,621		781,873	13.08%
TOTAL OPERATING REVENUE	<u>\$</u>	<u>546,409,820</u>	<u>\$</u>	<u>555,345,571</u>	<u>\$</u>	<u>8,935,751</u>	<u>1.64%</u>
NON-OPERATING REVENUE		89,054,679		86,647,685		(2,406,994)	-2.70%
TOTAL REVENUE	<u>\$</u>	<u>635,464,499</u>	<u>\$</u>	<u>641,993,256</u>	<u>\$</u>	<u>6,528,757</u>	<u>1.03%</u>

TOTAL OPERATING & NON-OPERATING REVENUE AND EXPENDITURES



	<u>Operating</u>	<u>Non-Operating</u>	<u>Total</u>
Revenue Projections	<u>\$ 555,345,571</u>	<u>\$ 86,647,685</u>	<u>\$ 641,993,256</u>
Less: Expenditures			
Salary and Wages	\$430,719,702		\$430,719,702
Employee Benefits	67,533,358		67,533,358
Other	<u>\$ 59,167,511</u>	<u>\$ 84,572,685</u>	<u>\$143,740,196</u>
	<u>\$557,420,571</u>	<u>\$ 84,572,685</u>	<u>\$641,993,256</u>
FRP/POD Provision	<u>\$ (2,075,000)</u>	<u>\$ 2,075,000</u>	<u>\$ 0</u>
Balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Note: Recommendation A of the enabling motions presents approval of the above totals: A(i) Total Revenue, A(ii) Salary & Benefits, and A(iii) Other Expenditures

BUDGET BALANCING WORKSHEET: OPERATING



Budget Balancing Worksheet (Operating)				
	2012/13		2013/14	Difference
	Revised		Projection	2013/14 vs.
	Estimates		Projection	2012/13
Revenue: Available for Operating				
Grants (GSN)	\$ 516.02		\$ 514.94	\$ (1.08)
Other Grants	19.57		28.01	8.44
Other Revenue	4.84		5.63	0.79
Continuing Education	<u>\$ 5.98</u>		<u>\$ 6.76</u>	\$ 0.78
Total Operating Revenue	<u>\$ 546.41</u>		<u>\$ 555.34</u>	<u>\$ 8.93</u>
Expenditures: Regular Operating				
Salary and Wages	\$ 424.86		\$ 430.72	\$ 5.86
Employee Benefits	65.38		67.53	2.15
Other Expenditures:	<u>\$ 57.94</u>		<u>\$ 59.17</u>	<u>\$ 1.23</u>
Expenditures (Regular Operating)	<u>\$ 548.18</u>		<u>\$ 557.42</u>	<u>\$ 9.24</u>
Net-Revenue less Expenditures	<u>(1.77)</u>		<u>(2.08)</u>	<u>(0.31)</u>
FRP P.O.D. Capital Provision	<u>1.77</u>		<u>2.08</u>	<u>0.31</u>
VARIANCE	<u>\$ 0.00</u>		<u>\$ 0.00</u>	<u>\$ 0.00</u>

BACKGROUND INFORMATION



“Concepts”

- Expenditure projections are based on total revenue allocation
- Operating expenditures have been separated into three distinct categories:

• Salaries and Wages	77.27%
• Employee Benefits	<u>12.12%</u>
	89.39%
• Other Operating *	<u>10.61%</u>
• Total Expenditures	<u>100.00%</u>

*Note: Other Operating includes Committed expenditures of approximately 8.84%

2013-14 FINANCIAL ESTIMATES – SUMMARY

Operating Revenue & Expenditures Projections



		2013-14 Projections (\$ millions)
Operating Revenue		\$ 555.35
FRP P.O.D. Capital Provision		2.07
		\$557.42
Expenditures/Provisions:		
Salaries & Benefits (89.39%)	\$ 498.25	
Committed (8.84%)	49.30	547.55
Balance available re: Other Expenditures: (1.77%)		9.87
		557.42
Difference		\$0



MAJOR ASSUMPTIONS

Revenue Projections:

- Details provided in June 28th Revenue Module
- **Operating GSN's - Enrolment Driven**
- **Total 52,176.04 ADE (System Decrease of 155.22 ADE)**
 - Elementary 33,987.61 ADE (Decrease of (56.75) vs. 2012-13 RE)
 - Secondary 18,188.43 ADE (Decrease of (98.47) vs. 2012-13 RE)
- **Total Revenue includes:**
 - **Operating : \$ 555.35 million**
 - **“Non”-Operating : \$ 86.64 million**

\$ 641.99 million

Note#1: Enrolment projections are a key and significant budgetary risk and sensitivity. Staffing will be assigned on confirmed enrolments only.



MAJOR ASSUMPTIONS

SALARIES & EMPLOYEE BENEFITS

As a labour-intensive organization, the most significant expenditure assumptions are those related to provision of salaries and employee benefits:

- Salaries & Wages : \$ 430.72 million 77.27%
- Employee Benefits : \$ 67.53 million 12.12%
- Total Salaries & Benefits : **\$ 498.25 million 89.39%**

Note #1 Labour Relations Committee reviewed the Salaries & Employee Benefits expenditure modules which provided details related to assumptions and staffing level projections for 2013-14.

Note#2 Salaries & Employee Benefits expenditure projections are a key and significant budgetary risk and sensitivity, that are subject to various influences and as such will be monitored via the Labour Relations Committee.

Note#3 Current Provincial directives and regulations regarding Labour Agreements will impact final provision for 2013-14 and will be revised at time of Revised Estimate submission..



MAJOR ASSUMPTIONS

Major assumptions used in developing final budget projections related to “Other Expenditures” (other than Salaries & Employee Benefits):

COMMITTED EXPENDITURES*

- **Committed** expenditures are the expenditures projected for 2013-14 required to meet minimum contractual and other obligations.

OTHER EXPENDITURES

- **All other expenditures** were adjusted as required to meet budgetary limitations. Requests were considered, reviewed, and adjusted as part of the budget balancing worksheet exercise.

*Note: Committed expenses reflect all essential/contractual expenses (e.g. utilities, transportation, maintenance contracts, phones, network lines legal/audit etc.) which are “fixed” in nature and over which there is little or no discretion.



MAJOR ASSUMPTIONS



Major assumptions used in developing final budget projections:

RESERVES:

- No provision has been made for the Transfer from Reserves for the 2013-14 Fiscal Year

2012-13 FINANCIAL RESULTS:

- No provision was deemed necessary for 2012-13 shortfall based on projected August 31, 2013 results.



2013-14 PROJECTIONS

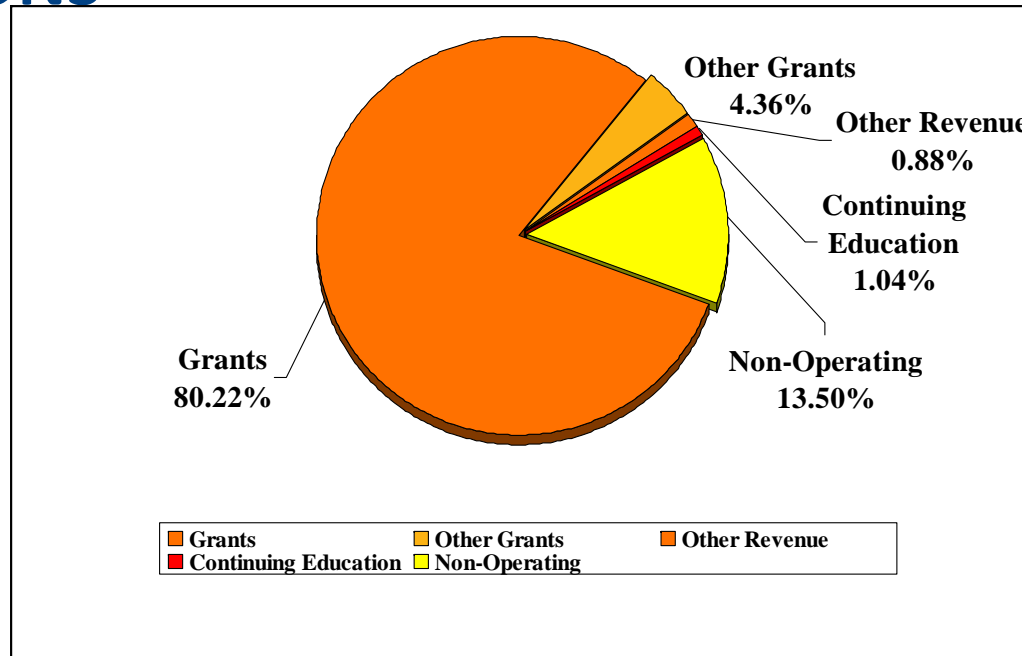
2013-14 Operating Revenue Analysis



	2012-13 Revised Estimates	2013-14 Projections	Increase/(Decrease)	
			\$	%
REVENUE- Operating				
Grants for Student Needs	\$ 516,021,681	\$ 514,943,156	(\$1,078,525)	(0.21)%
Other Grants	19,570,637	28,010,164	8,439,527	43.12
Other Revenue	4,838,754	5,631,630	792,876	16.39
Continuing Education	5,978,748	6,760,621	781,873	13.08
	\$ 546,409,820	\$ 555,345,571	\$8,935,751	1.68%

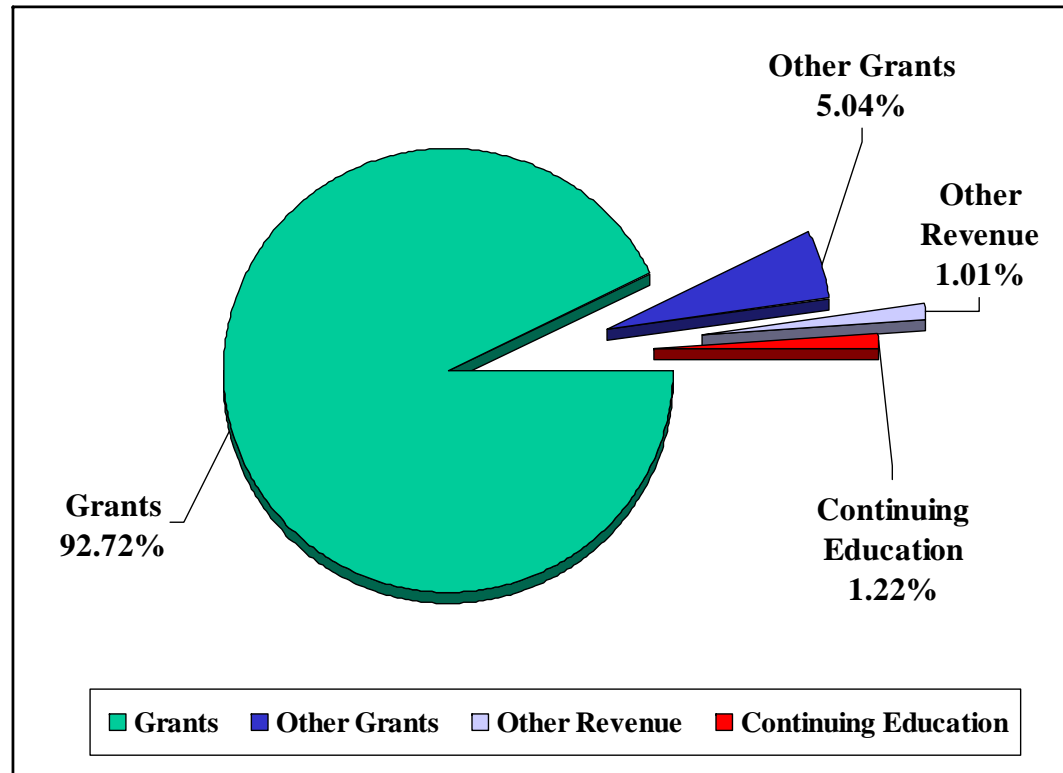
Notes: 1. Details regarding the 2013-14 Revenue Projections are included in the 2013-14 final Revenue Estimate module.

2013-14 OPERATING & NON-OPERATING REVENUE PROJECTIONS



Grants for Student Needs	\$ 514,943,156	80.22%
Other Grants	28,010,164	4.36%
Other Revenue	5,631,630	0.88%
Continuing Education	6,670,621	1.04%
Non-Operating	86,647,685	13.50%
Total Operating & Non-Operating Revenue	641,993,256	100.00%

2013-14 OPERATING REVENUE PROJECTIONS



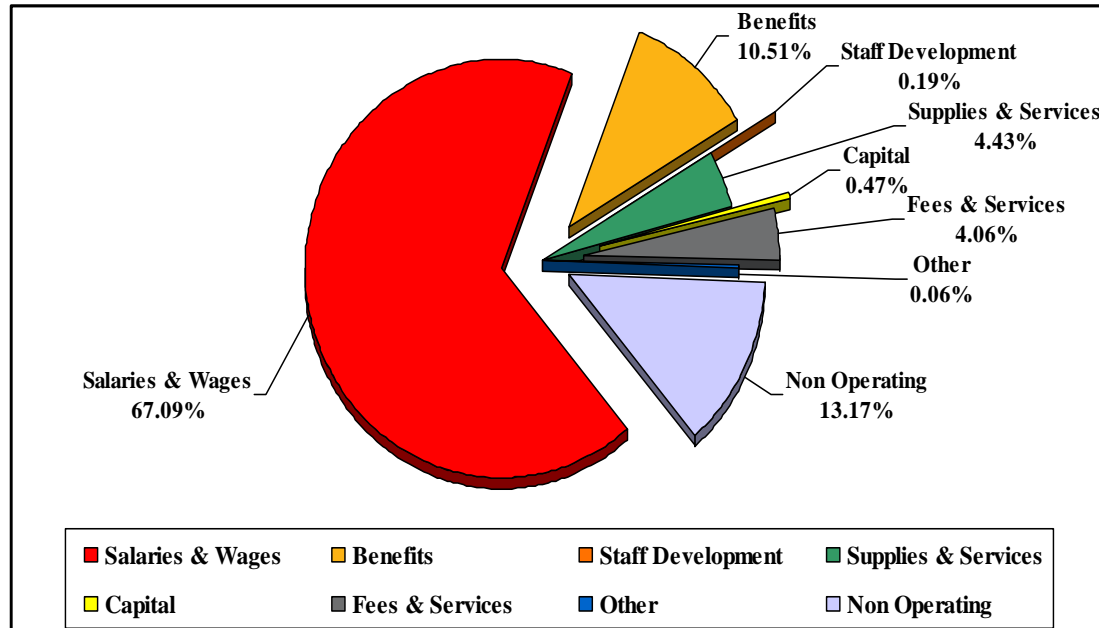
Grants for Student Needs	\$514,943,156	92.72%
Other Grants	28,010,164	5.04%
Other Revenue	5,631,630	1.01%
Continuing Education	6,670,621	1.22%
Total Operating Revenue	555,345,571	100.00%

2013-14 EXPENDITURE PROJECTIONS – OPERATING AND NON-OPERATING



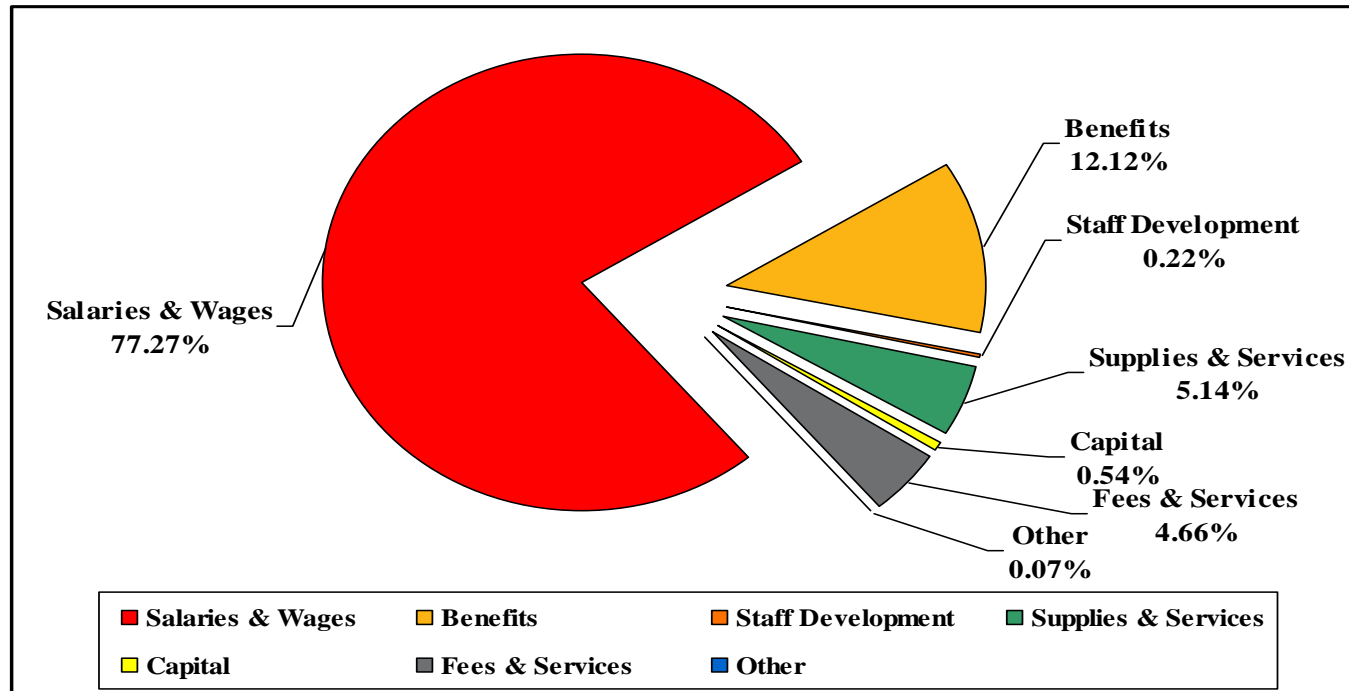
	2012-13 Revised Estimates	2013-14 Projections	Increase/(Decrease)	
			\$	%
Operating:				
Salaries & Wages	\$424,861,459	\$ 430,719,702	\$ 5,858,243	1.38
Employee Benefits	65,384,957	67,533,358	2,148,401	3.29
Total Salaries & Benefits	\$ 490,246,416	\$ 498,253,060	\$ 8,006,644	1.63
Staff Development	1,097,946	1,247,101	149,155	13.58
Supplies & Services	27,894,157	28,551,701	657,544	2.36
Capital Expenditures	4,023,304	3,025,985	(997,319)	(24.79)
Fees & Services	24,601,647	25,962,945	1,361,298	5.53
Other Expenditures	321,350	379,779	58,429	18.18
Total Support Costs	\$ 57,938,404	\$ 59,167,511	1,229,107	2.12
Total Operating	\$ 548,184,820	\$ 557,420,571	\$ 9,235,751	1.68
Non-Operating:				
Capital Program	\$87,279,679	\$84,572,685	\$(2,706,994)	(3.10)
Total Expenditures	\$635,464,499	\$641,993,256	\$6,528,757	1.03

2013-14 PROJECTED OPERATING & NON-OPERATING EXPENDITURES – BY OBJECT



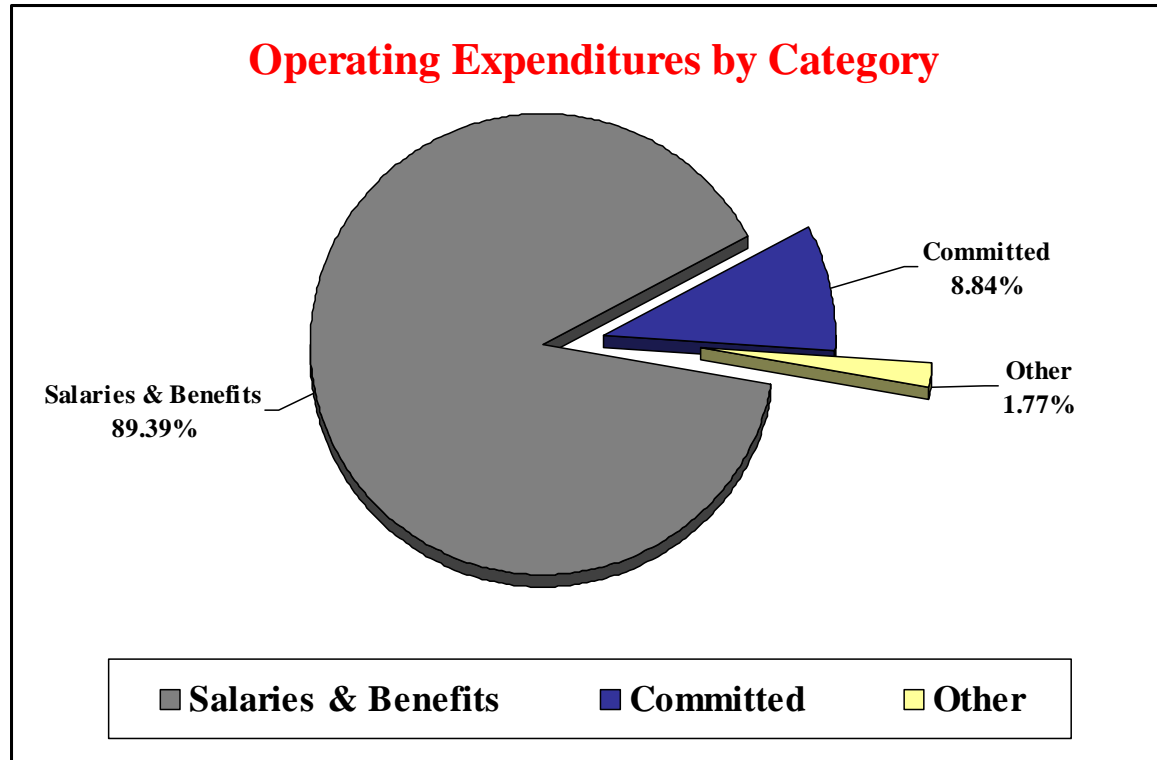
Salaries & Wages	\$ 430,719,702	67.09%
Employee Benefits	67,533,358	10.51%
Staff Development	1,247,101	.19%
Supplies & Services	28,551,701	4.43%
Capital Expenditures	3,025,985	.47%
Fees & Services	25,962,945	4.06%
Other	379,779	.06%
Non-Operating	84,572,685	13.17%
TOTAL	\$ 641,993,256	100.0%

2013-14 OPERATING EXPENDITURES- BY OBJECT



Salaries & Wages	\$ 430,719,702	77.27%
Employee Benefits	67,533,358	12.12%
Staff Development	1,247,101	0.22%
Supplies & Services	28,551,701	5.13%
Capital Expenditures	3,025,985	0.54%
Fees & Services	25,962,945	4.66%
Other	379,779	0.07%
Expenditures (Regular Operating)	\$ 557,420,571	100.00%

2013-14 PROJECTIONS



Salaries & Benefits	\$ 498,253,060	89.39%
Committed	49,300,058	8.84%
Sub-total	\$ 547,553,118	98.23%
Other	9,867,453	1.77%
TOTAL	\$ 557,420,571	100.00%



PROPOSED RECOMMENDATIONS

The series of proposed recommendations (along with background information and rationale for each) related to the approval of the 2013-14 Financial Estimates are included on Attachment #10. They are organized into six groupings of motions as follows:

- A. Approval & Submission of 2013-2014 Financial Estimates**
 - i. Revenue**
 - ii. Salaries & Benefit Expenditures**
 - iii. Other Expenditures**
- B. Use of Operating Budget Surplus for EDC Purposes – Policy 610**
- C. Monitoring and Allocation of 2013-2014 Financial Estimates**
- D. Submission of Revised Estimates**
- E. Lobby Efforts Re: Fair and Equitable Funding**
- F. Development of a Budget Policy**

A. APPROVAL AND SUBMISSION OF 2013-14 FINANCIAL ESTIMATES



RECOMMENDATIONS:

i. Revenue Estimates for 2013-2014:

THAT the Board approve the submission of the Revenue Financial Estimates to the Ministry of Education for the fiscal year September 1, 2013 to August 31, 2014, in the total amount of \$641,993,256 (based on operating and other capital) as presented in the budget documentation dated June 28, 2013.

ii. Salaries and Benefits Estimates 2013-2014:

THAT the Board approve the submission of the Salary and Benefits Expenditure Estimates to the Ministry of Education for the fiscal year September 1, 2013 to August 31, 2014, in the total amount of \$498,253,060 (based on operating only) as presented in the budget documentation dated June 27, 2013 and endorsed by the Labour Relations Committee of the Board.

iii. Support Costs (Other Than Salary and Benefits):

THAT the Board approve the submission of the Support Costs Expenditure Estimates to the Ministry of Education for the fiscal year September 1, 2013 to August 31, 2014, (based on operating and non-operating) in the total amount of \$143,740,196 as presented in the budget documentation dated June 28, 2013.

B. USE OF OPERATING BUDGET SURPLUS FOR EDC PURPOSES



RECOMMENDATION:

THAT the Board not designate 2013-2014 Operating Budget funds for the purpose of acquisition of school sites.



C. MONITORING AND ALLOCATION OF 2013-14 FINANCIAL ESTIMATES



RECOMMENDATION:

- i. THAT Administration report to the Board, through the Business & Finance Committee, a summary of any significant changes in budget assumptions and provide an estimate of their projected impact on the 2013-2014 Operating Budget Estimates and Revised Estimates.**
- ii. THAT due to the uncertainty of certain key budget assumptions with respect to labour costs for 2013-14, administration be directed to apply effective restraint measures to the release of budget allocations until the 2013-14 Revised Estimates are approved and greater certainty on assumptions are realized.**

D. PREPARATON & SUBMISSION OF REVISED ESTIMATES



RECOMMENDATION:

THAT Administration prepare for submission of the Revised Estimates to the Ministry of Education, prior to December 15, 2013, and that a summary of the material changes between original and Revised Estimates be presented for review at the Business and Finance Committee of the Board and approval by the Board.

E. LOBBYING OF GOVERNMENT



RECOMMENDATIONS:

- i. THAT the Board continue to lobby the Government to ensure equitable and adequate funding is available for all students in Ontario,**
- ii. THAT Administration be directed and authorized to lobby on behalf of the Board for changes in the new funding model where, in the opinion of Administration, the principles of equity and adequacy are not being met, and**
- iii. THAT the Board, in cooperation with the Ontario Catholic School Trustees Association, undertake a review of data regarding school board budgets with the objective of developing a coordinated approach with the Ministry of Education for addressing the short and long- term financial needs of school boards.**

F. DEVELOPMENT OF A BUDGET POLICY



RECOMMENDATION:

- i. THAT the Board approve the development of a formal Budget Policy to be used to guide the Board in the development of its annual and multi-year budgets.**
- ii. That such a Budget policy provide clarification as to:**
 - a) Key principles**
 - b) Development timelines**
 - c) Committee or forum to facilitate dialogue on budget development**
 - d) Program and Service review guidelines and timelines**

COMPLIANCE REPORTING



- No Deficit (Balanced Budget)** ✓

- Compliance with Funding “Envelopes”**
 - Special Education** ✓
 - Pupil Accommodation** ✓
 - Administration and Governance** *see note*

NOTE: *As previously reported, expenditures must be categorized according to Ministry-defined envelopes. Based on preliminary categorization of expenditures included in the final projection, the 2013-14 (as well as projected 2012-13) Administration and Governance envelope will likely be “exceeded”, but will be less than the Ministry-maximum threshold of 15% (estimated at 9%).*



NEXT STEPS



The next steps following review of final draft projections and approval of the proposed recommendations are as follows:

1. Complete and submit Estimates to Ministry of Education in prescribed format and code of account groupings immediately following Board approval on June 28, 2013.
2. Prepare for implementation of the 2013-2014 Operating Budget effective for September 1, 2013, including continuation of budgetary restraints and strategies utilized in 2012-13 and recently discussed with the Board and the Labour Relations Committee.
3. Prepare for the monitoring of Budget initiatives and directives including regular reporting to the Board via the Labour Relations and Business & Finance Committees of the Board.
4. Prepare and complete Revised Estimates for submission to the Ministry of Education prior to December 14, 2013. *Note. Preparation of the 2013-14 Revised Estimates is anticipated to be a more significant exercise than in the past due in large part to lack of clarity on labour cost provisions and funding provisions at the time of preparing original estimates. Board approval will be required for submission of Revised Estimates..*
5. Continue lobby efforts directly and through OCSTA to ensure the short and long-term financial stability of the Board.

THE CHALLENGE



KEEPING THE BALANCE

and

LEVERAGED USE OF RESOURCES

**FISCAL
RESPONSIBILITY**

vs.

**STUDENT
OUTCOMES**



QUESTIONS?

