

York Catholic District School Board

2014-15

Allocation of Resources



**APPROVAL OF THE 2014-15
FINANCIAL ESTIMATES**

Presentation to Board

June 27, 2014

***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 27, 2017 Meeting



1. Review final draft of the revenue and expenditure projections for the 2014-2015 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 2014-2015 Financial Estimates, along with related/enabling motions; and
3. Allow for discussion on the follow-up required for the implementation and monitoring of the 2014-2015 budget as well as for the preparation for the development of the 2015-2016 and future Operating Budgets.



BACKGROUND INFORMATION

In developing the 2014-15 Financial Estimates, a series of key Board and Committee meetings have been held:

- Public Board meetings have been held (February 25th , March 25th , April 29th , May 27th , and June 17th).
- Includes two Public input sessions May 27th and June 17th .
- Labour Relations Committee meetings have also been held (March 4th , April 22nd , May 27th , June 3rd , June 11th and June 27th).
- Final Approval scheduled for June 27th .

Note: All Board and Committee meetings throughout the year have a direct and indirect relationship to Budget Development. E.g. Accommodation & Business Affairs Committee.

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: *Based on available information, the current 2013-14 financial position is tracking within overall 2013-14 budget provisions and as a result it is Not, at this time anticipated that a carry forward shortfall will need to be provided in the 2014-15 estimates.*

FUNDING GAP RECONCILIATION – JUNE 27 VS. JUNE 17, 2014



Funding Gap as of June 17, 2014		(\$1,529,940)
Revenue Adjustment:		
Grant for Student Needs	\$181,439	
Revised Adjustment		(1,348,501)
Recosting/Reductions:		
Recostings	(468,561)	
Curriculum	(150,000)	
Accommodations	(529,940)	
Information Systems	(200,000)	
Total Recosting/Reductions		(1,348,501)
Funding Gap as of June 27, 2014		0

Note: See supplementary report entitled “Final 2014-15 Funding Gap Reconciliation”.

2013-14 BUDGET PROJECTIONS - SUMMARY



	Total Operating & Non – Operating	Total Operating
Revenue	\$657,504,585	\$570,978,488
Expenditures	657,504,585	570,978,488
Difference	Nil	Nil



2014-15 REVENUE SUMMARY

	2013/14 Revised Estimates	2014/145 Revenue Projections	<u>Difference</u> Increase (Decrease)	%
OPERATING REVENUE				
Grants for Student Needs	\$ 513,519,364	\$ 555,812,542	\$ 42,293,178	8.24%
Other Grants	27,472,168	709,415	(26,762,753)	(97.42)%
Other Revenue	5,810,,869	7,260,236	1,449,367	24.94%
Continuing Education-Other	<u>6,808,165</u>	<u>7,196,295</u>	<u>388,130</u>	<u>.70%</u>
TOTAL OPERATING REVENUE	<u>\$ 553,610,566</u>	<u>\$ 570,978,488</u>	<u>\$ 17,367,922</u>	<u>3.14%</u>
NON-OPERATING REVENUE	<u>91,727,762</u>	<u>86,526,097</u>	<u>(5,201,665)</u>	<u>(5.67)%</u>
TOTAL REVENUE	<u>\$ 645,338,328</u>	<u>\$ 657,504,585</u>	<u>\$12,166,257</u>	<u>1.88%</u>

TOTAL OPERATING & NON-OPERATING REVENUE AND EXPENDITURES



	<u>Operating</u>	<u>Non-Operating</u>	<u>Total</u>
Revenue Projections	<u>\$ 570,978,488</u>	<u>\$ 86,526,097</u>	<u>\$ 657,504,585</u>
Less: Expenditures			
Salary and Wages	\$440,013,139		\$440,013,139
Employee Benefits	<u>68,252,583</u>		<u>68,252,583</u>
	<u>\$508,265,721</u>		<u>\$508,265,721</u>
Other	<u>\$ 62,712,767</u>	<u>\$ 86,526,097</u>	<u>\$149,238,864</u>
	<u>\$570,978,488</u>	<u>\$ 86,526,097</u>	<u>\$657,504,585</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: \$657.50 million A(ii) Salary & Benefits, \$508.26 million and
A(iii) Other Expenditures \$149.24 million*

BUDGET BALANCING WORKSHEET: OPERATING



<u>Budget Balancing Worksheet (Operating)</u>				
	2013/14 Revised Estimates	2014/15 Projection	Difference 2014/15 vs. 2013/14	
Revenue: Available for Operating				
Grants (GSN)	\$ 513.52	\$ 555.81	\$ 42.29	
Other Grants	27.47	0.71	(26.76)	
Other Revenue	5.81	7.26	1.45	
Continuing Education	<u>\$ 6.81</u>	<u>\$ 7.20</u>	<u>\$ 0.39</u>	
Total Operating Revenue	<u>\$ 553.61</u>	<u>\$ 570.98</u>	<u>\$ 17.37</u>	
Expenditures: Regular Operating				
Salary and Wages	\$ 430.52	\$ 440.01	\$ 9.49	
Employee Benefits	67.50	68.25	0.74	
Other Expenditures:	<u>\$ 59.41</u>	<u>\$ 62.72</u>	<u>\$ 3.31</u>	
Expenditures (Regular Operating)	<u>\$ 557.43</u>	<u>\$ 570.98</u>	<u>\$ 13.54</u>	
Net-Revenue less Expenditures	<u>(3.82)</u>	<u>(0.00)</u>	<u>(3.82)</u>	
FRP P.O.D. Capital Provision	<u>2.85</u>	<u>0.00</u>	<u>(2.85)</u>	
VARIANCE	<u>\$ (0.97)</u>	<u>\$ 0.00</u>	<u>\$0.97</u>	

BACKGROUND INFORMATION



“Concepts”

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

• Salaries and Wages	77.06%
• Employee Benefits	<u>11.96%</u>
	89.02%
• Other Operating *	<u>10.98%</u>
• Total Expenditures	<u>100.00%</u>

*Note: Other Operating includes Committed expenditures of approximately 9.0%



MAJOR ASSUMPTIONS

Revenue Projections:

- Details provided in June 27th Revenue Module
- **Operating GSN's - Enrolment Driven**
- **Total 55,489.40 ADE (all JK-SK reported as 1.0 FTE)**
 - Elementary 37,289.06 ADE
 - Secondary 18,165.34 ADE
- **Total Revenue includes:**
 - **Operating: \$ 570.98 million**
 - **“Non”-Operating: \$ 86.52 million**
\$ 657.50 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 : \$ 440.01 million 77.06%
- Employee Benefits : \$ 68.25 million 11.96%
- Total Salaries & Benefits : **\$ 508.26 million 89.02%**

Note #1 Labour Relations Committee reviewed the Salaries & Employee Benefits expenditure modules which provided details related to assumptions and staffing level projections for 2014-15.

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/may impact final provision for 2014-15 and will be revised at time of Revised Estimate submission..

MAJOR ASSUMPTIONS



Major assumptions used in developing final budget projections:

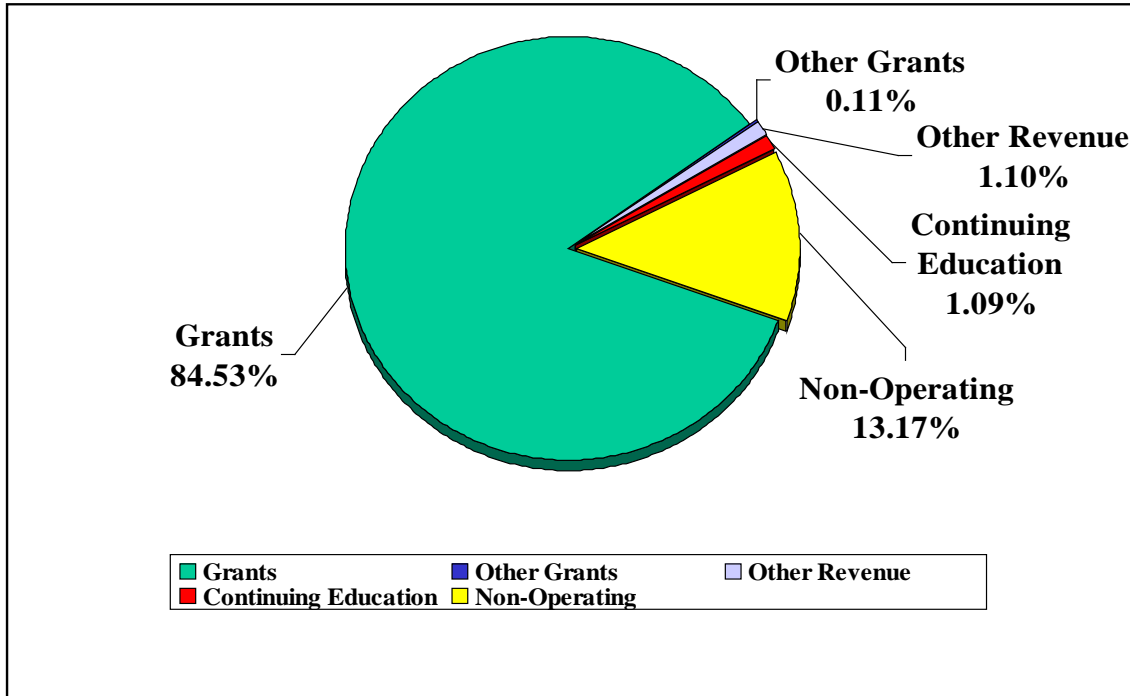
RESERVES:

- No provision has been made for the Transfer from Reserves for the 2014-15 Fiscal Year

2013-14 FINANCIAL RESULTS:

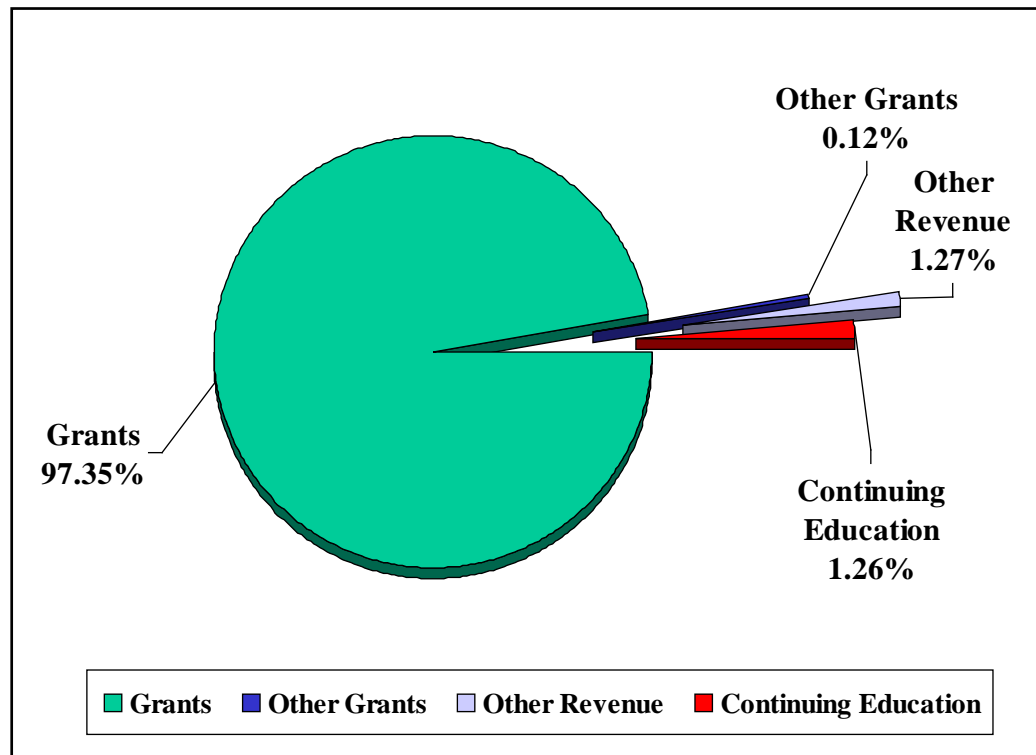
- No provision was deemed necessary for any 2014-15 shortfall based on initial assessment of projected August 31, 2014 results.

2014-15 OPERATING & NON-OPERATING REVENUE PROJECTIONS



Grants for Student Needs	\$ 555,812,542	84.53%
Other Grants	709,415	0.11%
Other Revenue	7,260,236	1.10%
Continuing Education	7,196,295	1.09%
Non-Operating	86,526,097	13.17%
Total Operating & Non-Operating Revenue	657,504,585	100.00%

2014-15 OPERATING REVENUE PROJECTIONS



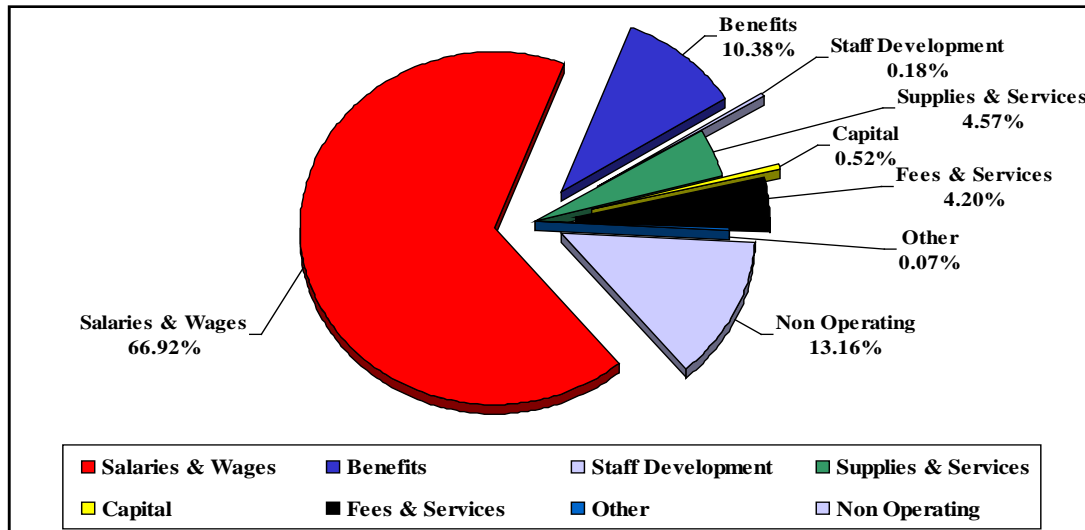
Grants for Student Needs	\$555,812,542	97.35%
Other Grants	709,415	0.12%
Other Revenue	7,260,236	1.27%
Continuing Education	7,196,295	1.26%
Total Operating Revenue	570,978,488	100.00%

2014-15 EXPENDITURE PROJECTIONS, OPERATING AND NON OPERATING



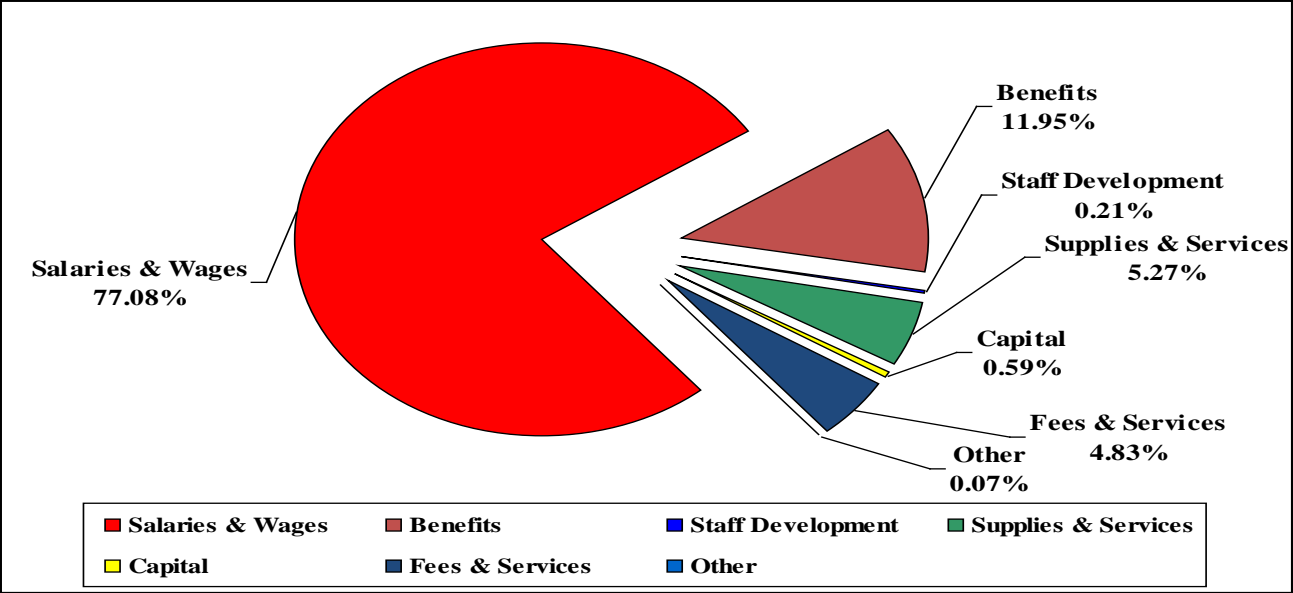
	2013-14 Revised Estimates	2014-15 Projections	Increase/(Decrease)	
			\$	%
Operating:				
Salaries & Wages	\$430,516,779	\$ 440,013,139	\$ 9,496,360	2.21
Employee Benefits	67,508,470	68,252,583	744,113	1.10
Total Salaries & Benefits	\$ 498,025,249	\$ 508,265,721	\$ 10,240,472	2.06
Staff Development	1247,101	1,204,130	(42,971)	(3.45)
Supplies & Services	28,502,011	30,074,024	1,572,013	5.52
Capital Expenditures	3,025,985	3,389,352	363,367	12.01
Fees & Services	26,251,611	27,617,945	1,366,334	5.20
Other Expenditures	379,779	427,316	47,537	12.52
Total Support Costs	\$ 59,406,487	\$ 62,712,767	3,306,280	5.57
Total Operating	\$ 557,431,736	\$ 570,978,488	\$ 13,546,752	2.43
Non-Operating:				
Capital Program	\$91,727,762	\$86,526,097	\$(5,201,665)	(5.67)
Total Expenditures	\$649,159,498	\$657,504,585	\$8,345,087	1.28

2014-15 PROJECTED OPERATING & NON-OPERATING EXPENDITURES – BY OBJECT



Salaries & Wages	\$ 440,013,139	66.92%
Employee Benefits	68,252,583	10.38%
Staff Development	1,204,130	0.18%
Supplies & Services	30,074,024	4.57%
Capital Expenditures	3,389,352	0.52%
Fees & Services	27,617,945	4.20%
Other	427,316	0.07%
Non-Operating	86,526,097	13.16%
TOTAL	\$ 657,504,585	100.0%

2014-15 PROJECTED OPERATING EXPENDITURES – BY OBJECT



Salaries & Wages	\$ 440,013,139	77.08%
Employee Benefits	68,252,583	11.95%
Staff Development	1,204,130	0.21%
Supplies & Services	30,074,024	5.27%
Capital Expenditures	3,389,352	0.59%
Fees & Services	27,617,945	4.83%
Other	427,316	0.07%
Expenditures (Regular Operating)	\$ 570,978,488	100.00%



PROPOSED RECOMMENDATIONS

The series of proposed recommendations (along with background information and rationale for each) related to the approval of the 2014-15 Financial Estimates are included on Attachment #8. They are organized into five groupings of motions as follows:

A. Approval & Submission of 2014-2015 Financial Estimates

- i. Revenue**
- ii. Salaries & Benefit Expenditures**
- iii. Other Expenditures**

B. Use of Operating Budget Surplus for EDC Purposes – Policy 810

C. Monitoring and Allocation of 2014-2015 Financial Estimates

D. Preparation and Submission of Revised Estimates

E. Lobby Efforts Re: Fair and Equitable Funding

A. APPROVAL AND SUBMISSION OF 2013-14 FINANCIAL ESTIMATES



RECOMMENDATIONS:

i. Revenue Estimates for 2014-2015:

THAT the Board approve the submission of the Revenue Financial Estimates to the Ministry of Education for the fiscal year September 1, 2014 to August 31, 2015, in the total amount of \$657,504,585 (based on operating and non-operating) as presented in the budget documentation dated June 27, 2014.

ii. Salaries and Benefits Estimates 2014-2015:

THAT the Board approve the submission of the Salary and Benefits Expenditure Estimates to the Ministry of Education for the fiscal year September 1, 2014 to August 31, 2015, in the total amount of \$508,265,721 (based on operating only) as presented in the budget documentation dated June 11, 2014 and June 27, 2014 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, 2014 to August 31, 2015, (based on operating and non-operating) in the total amount of \$149,238,864 as presented in the budget documentation dated June 27, 2014.

B. USE OF OPERATING BUDGET SURPLUS FOR EDC PURPOSES



RECOMMENDATION:

THAT the Board not designate 2014-2015 Operating Budget funds for the purpose of acquisition of school sites.

C. MONITORING AND ALLOCATION OF 2014-15 FINANCIAL ESTIMATES



RECOMMENDATION:

- i. THAT Administration report to the Board, through the Accommodation and Business Affairs Committee, and the Labour Relations Committee a summary of any significant changes in budget assumptions and provide an estimate of their projected impact on the 2014-2015 Operating Budget Estimates and Revised Estimates.**

- ii. THAT due to the uncertainty of certain key budget assumptions with respect to labour costs for 2014-15, Administration be directed to apply effective restraint measures to the release of budget allocations until the 2014-15 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, 2014, and that a summary of the material changes between original and Revised Estimates be presented for review at the Accommodation and Business Affairs Committee of the Board and the Labour Relations Committee, as appropriate.

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, and**
- 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.**

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 2014-15 (as well as projected 2014-15) Administration and Governance envelope will slightly exceed the envelope but will be within the Ministry-maximum threshold of 15% (estimated at 1%).*

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 27, 2014.
2. Prepare for implementation of the 2014-2015 Operating Budget effective for September 1, 2014, including continuation of budgetary restraints and strategies utilized in 2013-14 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 Accommodation and Business Affairs Committees of the Board.
4. Prepare and complete Revised Estimates for submission to the Ministry of Education prior to December 14, 2014. *Note. Preparation of the 2014-15 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 may 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**

