

York Catholic District School Board

REPORT TO: Board of Trustees
FROM: Administration
DATE: June 26, 2015
RE: **APPROVAL OF 2015-2016 FINANCIAL ESTIMATES**

Executive Summary:

This report is intended to present for Board approval, the final projected Financial Estimates for 2015-2016, along with other specific enabling motions.

The following summarizes the total revenue and expenditure projections to be included (subject to Board discussion and approval on June 26, 2015) in the submission to the Ministry of Education of the Board's Financial Estimates for the fiscal year commencing September 1, 2015 and ending August 31, 2016:

	<u>Total Operating & Non-Operating</u>	<u>Total Operating</u>
Total Revenue Projections	\$651,541,492	\$569,465,629
Total Expenditure Projections	<u>651,541,492</u>	<u>569,465,629</u>
Difference	<u>NIL</u>	<u>NIL</u>

The objectives of the June 26, 2015 meeting with respect to the 2015-2016 Financial Estimates are as follows:

- 1. Review final draft of the revenue and expenditure projections for the 2015-2016 Operating Budget, and identify changes made from previous budget modules/information presented or discussed, as well as any new assumptions;**
- 2. Present to the Board the motions required for the approval and implementation of the 2015-2016 Financial Estimates, along with related/enabling motions, and**
- 3. Allow for discussion on the follow-up required for the implementation and monitoring of the 2015-2016 budget as well as for the preparation for the development of the 2016-2017 and future Operating Budgets.**

Notes: a) A brief PowerPoint presentation has been prepared and will be presented at the Board meeting.

b) Supplementary budget materials are included separately with the June 25, 2015 Labour Relations Committee meeting and June 26, 2015 Board meeting agendas.

Background Information

The process used in the development of the annual operating budget for the Board has evolved over the years. Each year's budget development is influenced by many varied factors (e.g. Board's financial position, Ministry funding levels, state of Provincial & local labour relations/negotiations, Board priorities, Ministry directives, etc.) that can change dramatically from year to year.

A PowerPoint presentation entitled "2015-16 Allocation of Resources Budget: Introduction/Overview" was distributed (along with the Budget Binders) at the February 24, 2015 Board meeting. The 66-slide PowerPoint presentation was included to provide an introductory overview of the various issues and challenges to be considered with respect to developing the 2015-16 Financial Estimates (i.e. Operating Budget). Extracts and themes included in this presentation as well as additional new concepts/issues were highlighted as part of the presentations given at the February 24th, March 24th, April 28th, May 19th and May 26th and June 16th Board and Accommodation and Business Affairs Committee meetings. Discussions were also held at the April 21st, May 26th and June 8th, 2015 Labour Relations Committee meetings (including the Final budget-related June 25th Labour Relations meeting).

Budget Balancing Process

As reviewed many times, the budget balancing exercise is a "simple" equation:

$$\text{Revenues} = \text{Expenditures}$$

Once the projected revenue is determined, expenditures must then be prioritized to ensure proposed expenditures are less than or equal to projected revenues. However, due to the fact that Salaries & Benefits represent 90% share of expenditures the simple equation changes slightly to the following:

$$\text{Revenues} - \text{Salary \& Benefit Expenditures} = \text{Other (Non-Salary \& Benefits) Expenditures}$$

As a result of the above, any "adjustments" made to Salary & Benefits projections will materially affect what is available to support "Non-Salary & Benefit" expenditures.

Based on projected revenue and projected salary and benefit expenditures, the amount available for "Non-Salary & Benefit" expenditures is illustrated as follows:

A. Projected Revenue	\$569,465,629
B. Less: Projected Salaries and Benefits	<u>\$506,512,178</u>
C. Equals: Available for "Non-Salary & Benefit" expenditures	<u>\$ 62,953,451</u>

At the June 8th, 2015 Board meeting, the expenditure and revenue modules developed as at that date were reviewed. It was identified that based on expenditure adjustments made, a slight surplus of \$0.25 million existed. Further to discussion held and direction received at the June 8, 2015 Board meeting, the following summarizes the adjustments made to eliminate the net \$253,545.

A summary of adjustments made are as follows:

• Reduction in other revenue from \$500,000 to \$250,000	\$(250,000)
• Reduction of provision for Grade 1 new curriculum	\$ 123,140
• Reduction of proposed reduction re GSB carry-forward	<u>\$(126,685)</u>
Total reallocation of June 16 th surplus	<u>\$(253,545)</u>

Included as part of the Supplementary Budget Material included separately with the Agenda is a series of Appendices prepared to facilitate discussion of the budget balancing exercise.

It is proposed that the following working papers (prepared and dated June 19, 2015) be reviewed to serve as a framework for the discussion at the Board meeting:

- Appendix A: 2015-16 Budget Balancing Worksheet Overview: Revenue vs. Expenditure (June 26, 2015 Estimates vs. 2014-15 Revised Estimates)
- Appendix B: 2015-16 Budget Balancing Worksheet Overview: Other (Non-Salary and Benefits) Expenditure Availability Summary (June 26, 2015 vs. May 19, 2015)
- Appendix C: 2015-16 Budget Balancing Worksheet Overview: Summary of Changes Incorporated into the Financial Estimates Since June 16, 2015
- Appendix D: Detailed Budget Balancing Workbook Spreadsheet (2 pages)

Another concept of note (also included in the February 24, 2015 PowerPoint presentation) is that from a financial position perspective, 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, the current 2014-15 financial position is tracking within budget and as a result it is NOT, at this time, anticipated that a carry forward shortfall will need to be provided in the 2015-16 Financial Estimates.

The following provides a high-level summary of the “Operating” Revenue and Expenditures (by Object Classification) with the following three headings identified:

1. 2014-15 Revised Estimates (used as a basis for comparison)
2. 2015-16 Projections (completed as part of the 2015-16 budget development process)
3. Difference 2015-16 vs. 2014-15

	2014/15 Revised Estimates	2015/16 Projections	Difference 2015-16 vs. 2014-15
REVENUE: AVAILABLE FOR OPERATING			
GSN	\$554.37	\$554.57	\$ 0.20
Other Grants/Revenue	<u>14.31</u>	<u>14.90</u>	<u>0.59</u>
	<u>\$568.68</u>	<u>\$569.47</u>	<u>\$ 0.79</u>
EXPENDITURES: REGULAR OPERATING			
Salaries & Wages	\$436.42	\$436.62	\$ 0.20
Employee Benefits	68.92	69.89	0.97
Other Expenditures	<u>63.34</u>	<u>62.96</u>	<u>(0.38)</u>
	<u>\$568.68</u>	<u>\$569.47</u>	<u>\$ 0.79</u>
VARIANCE	<u>\$ Nil</u>	<u>\$ Nil</u>	<u>\$ Nil</u>

NOTE: Finalization of the Salary & Wages and Employee Benefits (S&B) expenditure provisions will be completed at the June 25th Labour Relations Committee. Due to the “zero-sum” nature of the budget balancing exercise, any changes to expenditure provisions proposed at the Labour Relations on June 25th will result in changes to other non-S&B expenditure provisions.

2015-16 Projected Expenditures & Revenue:

At past meetings, Senior Administration, along with senior budget leads, presented updates of the 2015-2016 budget development processes, including an analysis of anticipated revenue and expenditure projections and a discussion of the challenges to be faced. Further to meetings held and direction received from the Board as to approach and methodology for filing the Financial Estimates, the following has been completed:

- finalization of proposed expenditure adjustments
- review and validation of projected revenue
- development of proposed enabling recommendations

Major Budget Expenditure Grouping:

As previously communicated, the allocation of resources process for 2015-16 has been developed on the assumption that operating expenditure projections will be developed based on available projected operating revenue (exclusive of the use of reserves) and including provision for any projected 2014-15 financial shortfalls and required PSAB reporting provision requirements.

In the development process, expenditures have been analyzed and separated into three distinct categories:

1. Salaries Expenditure Projections
2. Employee Benefit Expenditures Projections
3. Other Operating Expenditure Projections

1. Salaries Expenditure Projections (approximately 76.68 % of Operating Budget)

Notes:

- Salary agreements for all employee groups have been impacted significantly by various and numerous Provincial directives which have generated additional assumptions upon which salary expenditures have been based.
- The 2015-16 Salaries & Wages Expenditure Projection Module has been previously reviewed by the Labour Relations Committee and will be once again reviewed and approved at the Labour Relations Committee scheduled on June 25, 2015.

2. Employee Benefit Expenditure Projections (approximately 12.27% of Operating Revenue)

Notes:

- Employee benefits are directly impacted by a number of staff, the participation/utilization rates and collective agreement and government provisions.
- The 2015-16 Employee Benefit Expenditure Projections Module has been previously reviewed by the Labour Relations Committee and will be once again will be reviewed and approved at the Labour Relations Committee scheduled on June 25, 2015.

3. Other Operating Expenditure Projections (approximately 11.05% of Operating Budget)

Notes:

- Other Operating Expenditures excluding staffing, salary and employee benefits.
- Committed expenditures are fixed in nature and are projected as required. These expenditures include all essential/contractual expenses, e.g. utilities, transportation, network lines, etc.

Total Operating and Non-Operating

While the Board primarily reviews and monitors the Operating Budget, the submission of Financial Estimates to the Ministry of Education which includes both operating and “non-operating” projections:

The following provides a summary of the Operating and Non-Operating revenue and expenditures projections to be submitted with the 2015-16 Financial Estimates:

	<u>Operating</u>	<u>Non-Operating</u>	<u>Total</u>
Revenue Projections	\$569,465,629	\$82,075,863	\$651,541,492
Less: Provision for Prior-Year Shortfall	<u>0</u>	<u>-</u>	<u>0</u>
	<u>\$569,465,629</u>	<u>\$82,075,863</u>	<u>\$651,541,492</u>
Less: Expenditure Projections			
Salary and Benefits	\$506,512,178		\$506,512,178
Support Costs	62,953,451		62,953,451
Other Operating & Capital	<u>0</u>	<u>82,075,863</u>	<u>82,075,863</u>
	<u>\$555,345,571</u>	<u>\$82,075,863</u>	<u>\$651,541,492</u>
Balance	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>

Supporting Attachments

The following attachments have been included to present a summary overview of the total projected revenue and expenditures for 2015-2016.

- ❑ Attachment #1 - Revenue Summary Comparison 2015-16 vs. 2014-15
- ❑ Attachment #2 - Revenue Summary – Pie Chart (Operating & Non- Operating)
- ❑ Attachment #3 - Revenue Summary – Pie Chart (Operating)
- ❑ Attachment #4 - Expenditure Summary Comparison 2015-16 vs. 2014-15
- ❑ Attachment #5 - Expenditure Summary Pie Chart (Operating and Non-Operating)
- ❑ Attachment #6 - Expenditure Summary – Pie Chart (Operating)

Note: Detailed budget support and back-up information for both the projected revenues and projected expenditures are included in the budget support material attached (or have been previously presented).

2015-16 Deficit Rules:

The current projected 2015-2016 Financial Estimates to be reviewed on June 26, 2015 do NOT include provisions for including a deficit in the Financial Estimates, however, clarification was requested as to the Ministry guidelines that Boards must follow should a deficit occur.

Ministry of Education memoranda provide guidance and rules with respect to any projected shortfall. In summary, any school board budget (original or revised) that is submitted with a deficit effectively triggers Ministry approval requirements.

“Minister approval is required when a Board’s In-Year Deficit is greater than the lesser of:

- a) The Accumulated Surplus of the Board in the Preceding Year*
- b) 1% of the Operating Allocation of the Board for the budget year being proposed.*

Boards are expected to request the necessary approvals prior to passing their budgets.”

PROPOSED RECOMMENDATIONS

The series of proposed recommendations (along with background information and rationale for each) related to the approval of the 2015-2016 Financial Estimates are included on Attachment #7. They are organized into seven groupings of motions as follows:

- A - Approval & Submission of 2015-2016 Financial Estimates**
 - i) Revenue**
 - ii) Salaries & Benefits Expenditures**
 - iii) Other Expenditures**
- B - Use of Operating Budget Surplus for EDC Purposes – Policy 810**
- C - Monitoring and Allocation of 2015-2016 Financial Estimates**
- D - Preparation and Submission of Revised Estimates**
- E - Lobby Efforts Re: Fair and Equitable Funding**
- F - Review of Budget Development Process**
- G - General School Budgets (GSB) Review**

Provincial Perspective

As previously reported, the development and finalization of school board budgets throughout the Province has been “challenging” especially due announced GSN funding reductions and Ministry directives and approaches with respect to labour agreements.

As a labour intensive organization, any and all directives/regulations/decisions which impact labour costs will directly influence the available funding for other Board initiatives and ability to meet compliance obligations.

Much has been reported in the media as to the varying approaches being followed as well as associated public relations. Clearly there is a heightened awareness and focus on the needs for school boards to be transparent and compliant with Ministry rules and regulations.

Administration will continue to monitor the provincial perspective and report regularly to the Board and/or the Accommodation and Business Affairs Committee.

Supplementary Budget Materials

Included separately with this agenda are the following supplementary budget support documents:

- 2015-2016 Revenue Module (37-page document summarizing total operating and non-operating projected revenues of \$651.54 million)

Budget support documentation with respect to the projected \$506.51 million of salary & wages and employee benefits have been included separately as part of June 25th Labour Relations Committee agenda.

Note: A PowerPoint presentation with respect to the 2015-16 Financial Estimate submission has been prepared and will be distributed at the Board meeting on June 26th.

Summary/Conclusion

As noted at past Board meetings, the development of budget information has been focused on capturing accurate data and providing accurate revenue and expenditure projections based on assumptions identified.

Various members of the senior administration team have been involved in the development and coordination of budgetary information. Unless identified in this report, all assumptions, issues and concerns presented at the previous meetings remain unchanged.

The final draft of expenditure projections and revenue projections meet the overall requirement to have **Revenue projections = Expenditure projections (i.e. No Deficit)**.

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 26, 2015.
2. Prepare for implementation of the 2015-2016 Operating Budget effective for September 1, 2015, including continuation of budgetary restraints and strategies utilized in 2014-15 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, 2015. *Note. Preparation of the 2015-2016 Revised Estimates is anticipated to be a more significant exercise than in the past due in large part to the state of Provincial labour discussions.*
5. Continue lobby efforts directly and through OCSTA to ensure the short and long-term financial stability of the Board.

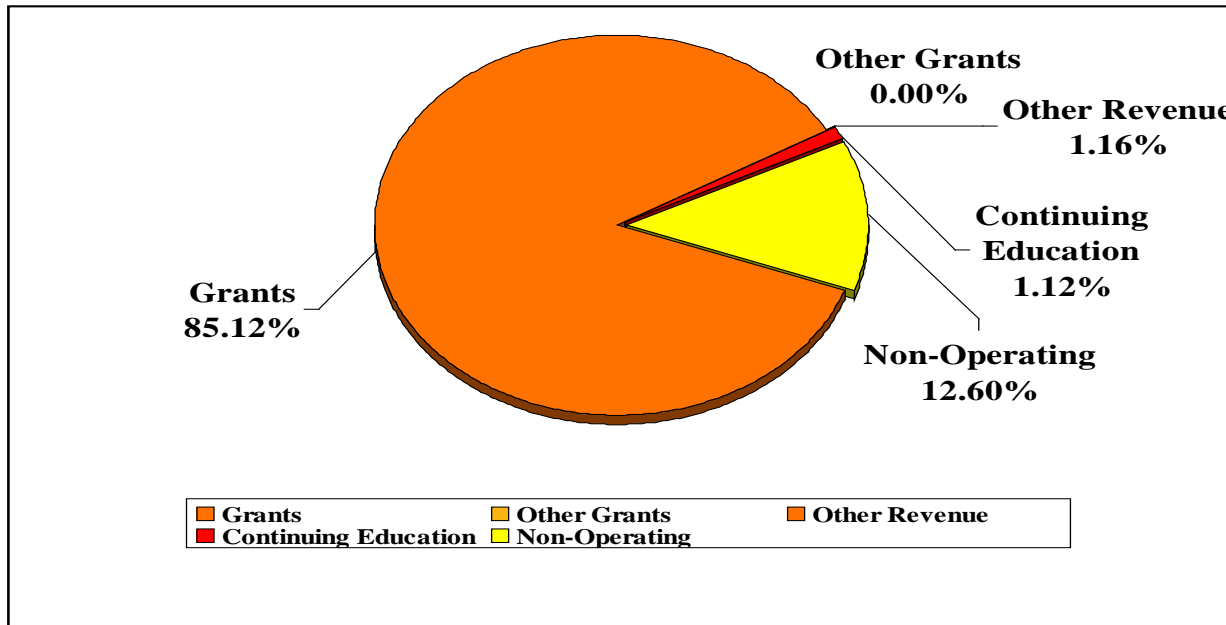
Should you have any questions, please do not hesitate to contact Administration.

OPERATING REVENUE PROJECTIONS – 2015-2016 vs. 2014-2015

	2014-15 Revised Estimates	2015-16 Projections	Increase/(Decrease)	
			\$	%
REVENUE- Operating				
Grants for Student Needs	\$ 554,374,038	\$ 554,571,201	197,163	0.03%
Other Grants	0	0	0	0.00%
Other Revenue	6,856,500	7,560,000	703,500	10.26%
Continuing Education	7,453,935	7,334,428	(119,507)	(1.60%)
	\$ 568,684,473	\$ 569,465,629	\$781,156	0.14%

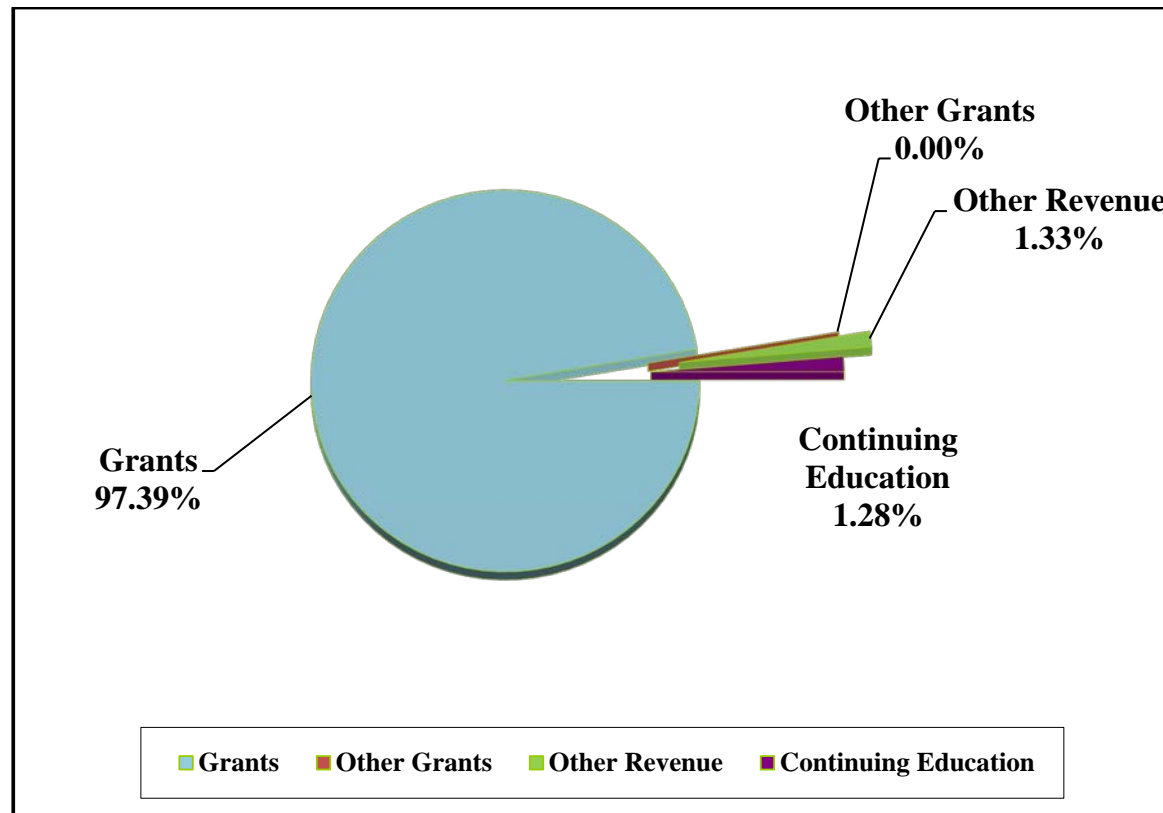
Notes: Details regarding the 2015-16 Revenue Projections are included in the 2015-16 final Revenue Estimate Module.

2015-16 OPERATING & NON-OPERATING REVENUE PROJECTIONS



Grants for Student Needs	\$ 554,571,201	85.12%
Other Grants	0	0.00%
Other Revenue	7,560,000	1.16%
Continuing Education	7,334,428	1.12%
Non-Operating	82,075,863	12.60%
Total Operating & Non-Operating Revenue	651,541,492	100.00%

2015-16 OPERATING REVENUE PROJECTIONS

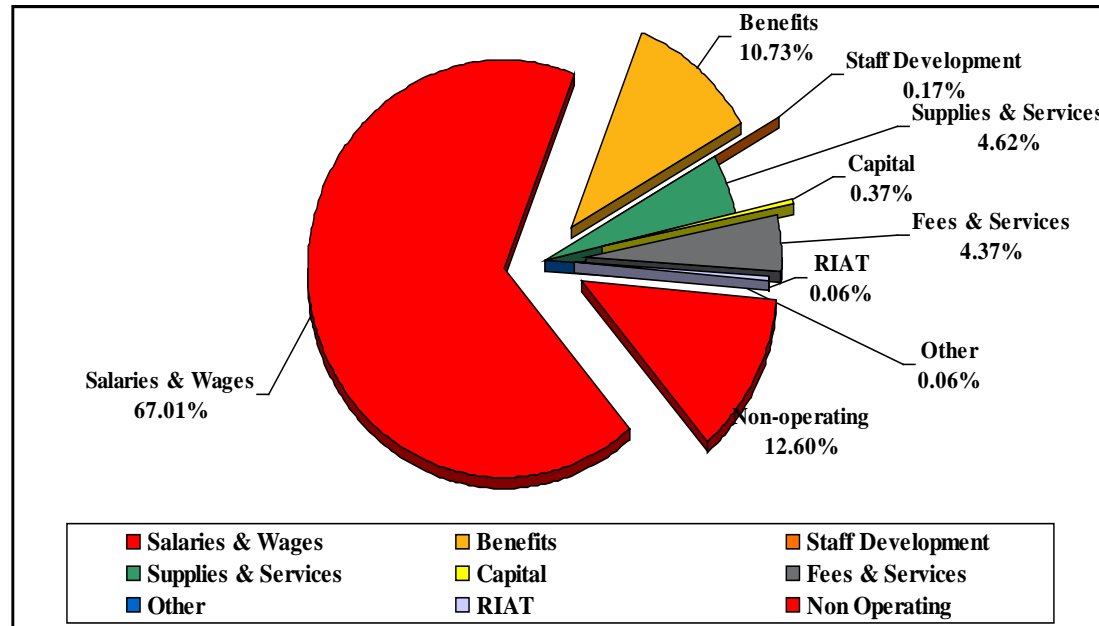


Grants for Student Needs	\$554,571,201	97.39%
Other Grants	0	0.00%
Other Revenue	7,560,000	1.33%
Continuing Education	7,334,428	1.28%
Total Operating Revenue	569,465,629	100.00%

EXPENDITURE PROJECTIONS – OPERATING AND NON-OPERATING 2015-16 vs. 2014-15

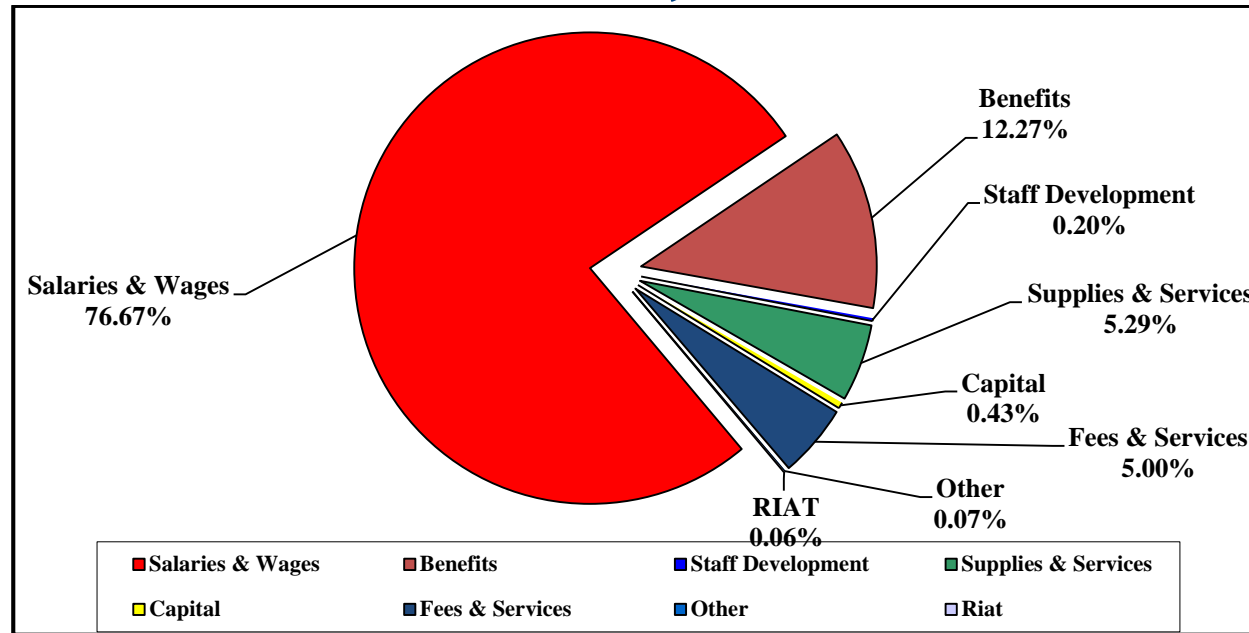
	2014-15 Revised Estimates	2015/16 Projections	Increase/(Decrease)	
			\$	%
Operating:				
Salaries & Wages	\$436,419,018	\$ 436,621,835	\$ 202,817	0.05
Employee Benefits	68,922,366	69,890,343	967,977	1.40
Total Salaries & Benefits	\$ 505,341,384	\$ 506,512,178	\$1,170,794	0.23
Staff Development	1,204,130	1,122,970	(81,160)	(6.74)
Supplies & Services	29,969,458	30,131,362	161,904	0.54
Capital Expenditures	3,478,352	2,437,418	(1,040,934)	(29.93)
Fees & Services	27,791,945	28,485,379	693,434	2.50
Other Expenditures	427,316	416,809	(10,507)	(2.46)
R.I.A.T	471,889	359,514	(112,400)	(23.81)
Total Support Costs	\$ 63,343,090	\$ 62,953,451	(389,638)	(0.62)
Total Operating	\$ 568,684,473	\$ 569,465,629	\$ 781,156	0.14
Non-Operating:				
Capital Program	\$89,006,683	\$82,075,863	\$(6,930,820)	(7.78)
Total Expenditures	\$657,691,156	\$651,541,492	\$(6,149,664)	(0.94)

2015-16 PROJECTED OPERATING & NON-OPERATING EXPENDITURES – BY OBJECT



Salaries & Wages	\$ 436,621,835	67.01%
Employee Benefits	69,890,343	10.73%
Staff Development	1,122,970	.17%
Supplies & Services	30,131,362	4.62%
Capital Expenditures	2,437,418	.37%
Fees & Services	28,485,379	4.37%
Other	416,809	.06%
R.I.A.T.	359,514	.06%
Non-Operating	82,075,863	12.60%
TOTAL	\$ 651,541,492	100.0%

2015-16 OPERATING EXPENDITURES – BY OBJECT



Salaries & Wages	\$ 436,621,835	76.67%
Employee Benefits	69,890,343	12.27%
Staff Development	1,122,970	0.20%
Supplies & Services	30,131,362	5.29%
Capital Expenditures	2,437,418	0.43%
Fees & Services	28,485,379	5.00%
Other	416,809	0.07%
R.I.A.T	359,514	0.06%
Expenditures (Regular Operating)	\$ 569,465,629	100.00%

**SUMMARY OF RECOMMENDATIONS:
FINAL APPROVAL OF THE 2015-2016
FINANCIAL ESTIMATES**

Recommendations have been developed for the approval of the 2015-2016 Operating Budget and submission of the 2015-2016 Estimates to the Ministry of Education.

The following recommendations present, for Board approval, the necessary motions to complete the 2015-2016 Budget development process and related items. They have been organized into the following seven groupings of motions:

- A - Approval & Submission of 2015-2016 Financial Estimates**
 - i) Revenue**
 - ii) Salaries & Benefits Expenditures**
 - iii) Other Expenditures**
- B - Use of Operating Budget Surplus for EDC Purposes – Policy 810**
- C - Monitoring and Allocation of 2015-2016 Financial Estimates**
- D - Preparation and Submission of Revised Estimates**
- E - Lobby Efforts Re: Fair and Equitable Funding**
- F - Review of Budget Development Process**
- G - General School Budgets (GSB) Review**

A. APPROVAL AND SUBMISSION OF 2015-2016 FINANCIAL ESTIMATES

The 2015-2016 Final Draft Operating Budget revenue and expenditure estimates are based on all notes and assumptions, previously presented Board motions and directives, and information available as at June 26, 2015.

Approval of the annual operating budget estimates provides the authority for administration to proceed with its implementation in accordance with past policies, procedures and practices and current Board direction. Included in the implementation of the budget is the establishment of specific budget categories and the monitoring and control of those budget categories.

Subsequent to Board approval of the 2015-2016 Operating Budget, documentation must then be filed with the Ministry of Education in the prescribed format. *Note: Any material submitted to the Ministry will reflect Board approvals/directions, however, format of submission to the Ministry including account groupings “may” differ from presentations previously provided to the Board.*

Submission of the 2015-2016 Estimates to the Ministry of Education includes both in-year operating and non-operating expenditure projections for 2015-2016 in the amount of \$651,541,492.

These expenditures are to be funded by 2015-2016 Revenues in the projected total amount of \$651,541,492. Of the \$651.54 million in total expenditures, \$569.47 million (87.40%) is comprised of regular 2015-2016 operating expenditures, \$26.44 million (4.06%) is comprised of capital program expenditures, \$3.42 million (0.52%) is comprised of Expenditures with grant offsets and \$52.21 million (8.02 %) for provision of required PSAB (Public Sector Accounting Board) compliance and other reporting provisions.

Budget material previously presented provides support information related to the proposed “operating” budget for the Board. The “non-operating” Capital Grants & Other Capital Revenue (excluding Capital Grant Depreciable TCA) allocation reflects funding and expenditures related primarily to long-term debt repayments, along with facility renewal and other major capital related funding, which is restricted/ controlled through the requirement of Ministry approvals. Page 29-30 of the 2015-16 Revenue Module (June 26, 2015) provides supporting information for this area.

The projected total budget amount of \$651,541,492 is based on the 2015-2016 operating budget expenditure projections of \$569,465,629. Of the \$569.47 million in operating expenditure projections, \$506.51 million (or approximately 89 %) is comprised of salaries & employee benefits, while \$62.95 million (or approximately 11%) is comprised of other support costs.

2015-2016		
<u>Operating Expenditures (Note 1)</u>		
Salaries & Wages: (Note 2)	\$436,621,835	(76.67%)
Employee Benefits: (Note 2)	<u>69,890,343</u>	<u>(12.27%)</u>
	506,512,178	(88.94%)
Other Support Costs:	<u>62,953,451</u>	<u>(11.06%)</u>
Total Operating	<u>\$569,465,629</u>	<u>(100.00%)</u>

Note #1: Operating Expenditures above includes the PSAB annual provision of \$2.2 million.

Note #2: The Salaries & Employee Benefit expenditure projections reflect the permanent staffing compliment (approximately 5,621 FTE) and related (permanent & temporary) salary and employee benefit provisions as reviewed and approved at the Labour Relations Committee meeting held June 25, 2015.

The recommendation presented for Board approval to facilitate filing of the 2015-2016 Financial Estimates have been broken down into three main groupings:

- i) Revenue Projections for 2015-2016 (Total \$651,541,492):**
 - This includes the total projected operating and non-operating revenue in the amount of \$651,541,492, as detailed in the 2015-2016 “Revenue Final Estimates” module dated June 26, 2015.
- ii) Salaries and Employee Benefits Expenditure Projections for 2015-2016 (Total \$506,512,178):**
 - This includes the total projected operating expenditure in the amount of \$506,512,178 for salaries and benefits, as detailed in the 2015-2016 “Salaries & Wages and Employee Benefits” expenditure modules dated June 25, 2015 and reviewed and approved at the Labour Relations Committee of June 25, 2015.
- iii) Support Expenditure Projections for 2015-2016 (Total \$145,029,314):**
 - This includes all expenditure projections (operating and non-operating) excluding salaries and benefits, as detailed in (ii) above.
 - This amount reflects \$62,953,451 of operating and \$82,075,863 of non-operating expenditure projections.

The combination of these groupings above would reflect the following 2015-2016 Financial Estimates to be filed, and would reflect a compliant submission.

	<u>Operating</u>	<u>Non-Operating</u>	<u>Total</u>
Revenue Projections	\$569,465,629	\$82,075,863	\$651,541,492
Less: Provision for Prior-Year Shortfall	0	-	0
	<u>\$569,465,629</u>	<u>\$82,075,863</u>	<u>\$651,541,492</u>
Less: Expenditure Projections			
Salary and Benefits	\$506,512,178		\$ 506,512,178
Support Costs	62,953,451		62,953,451
Other Operating & Capital	0	<u>82,075,863</u>	<u>82,075,863</u>
	<u>\$555,345,571</u>	<u>\$82,075,863</u>	<u>\$651,541,492</u>
Balance	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>

RECOMMENDATIONS:

i) Revenue Estimates for 2015-2016:

THAT the Board approve the submission of the Revenue Financial Estimates to the Ministry of Education for the fiscal year September 1, 2015 to August 31, 2016, in the total amount of \$651,541,492 (based on operating and non-operating) as presented in the budget documentation dated June 26, 2015.

ii) Salaries and Benefits Estimates 2015-2016:

THAT the Board approve the submission of the Salary and Benefits Expenditure Estimates to the Ministry of Education for the fiscal year September 1, 2015 to August 31, 2016, in the total amount of \$506,512,178 (based on operating only) as presented in the budget documentation dated June 25, 2015 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, 2015 to August 31, 2016, (based on operating and non-operating) in the total amount of \$145,029,314 as presented in the budget documentation dated June 26, 2015.

B. USE OF OPERATING BUDGET SURPLUS FOR EDC PURPOSES

Ontario Regulation 20/98 (Education Development Charges) requires “A statement from the board stating that it has reviewed its operating budget for savings that could be applied to reduce growth-related net education land costs, and the amount of any savings which it proposes to apply, if any.”

The Board’s Policy #810 (recently updated and approved February 25, 2014) in response to Regulation 20/98 requires a motion annually, at budget approval time, stating that the Board has reviewed the use of operating budget surpluses for the acquisition of school sites. Based on the proposed final draft of the 2015-2016 Operating Budget, the following motion is presented:

RECOMMENDATION:

THAT the Board not designate 2015-2016 Operating Budget funds for the purpose of acquisition of school sites.

C. MONITORING AND ALLOCATION OF 2015-2016 FINANCIAL ESTIMATES

Budget Estimates are based on many assumptions and information available at the time of preparation. The current reporting and monitoring practices through the Accommodation and Business Affairs Committee of the Board are proposed to be continued for the 2015-2016 budget year to inform the Board of changes in budget projections due to changes in assumptions, to advise of budget transfers, as well as to monitor budget and internal audit activities. Specific budgetary issues associated with staffing and employee benefits will be reported via the Labour Relations Committee of the Board. Further, Ministry directives received by the Board, will require more frequent and structured monitoring and reporting of Board approved Budget strategies

RECOMMENDATIONS:

THAT Administration report to the Board, through the Accommodation and Business Affairs Committee, a summary of any significant changes in budget assumptions and provide an estimate of their projected impact on the 2015-2016 Operating Budget Estimates and Revised Estimates.

THAT due to the uncertainty of certain key budget assumptions with respect to labour costs for 2015-2016, Administration be directed to apply effective restraint measures to the release of budget allocations until the 2015-2016 Revised Estimates are approved and greater certainty on assumptions are realized.

D. PREPARATION & SUBMISSION OF REVISED ESTIMATES

The Ministry of Education requires that school boards submit Revised Estimates subsequent to school start-up and October 31st staffing and enrolment statistics. Those Revised Estimates will result in changes to original budget estimates due in most part to enrolment changes and staff statistics (particularly teacher grid placement). In addition, budget transfers (as per Board guidelines) may result in changes to projected expenditure and revenue amounts and/or groupings.

RECOMMENDATIONS:

THAT Administration prepare for submission of the Revised Estimates to the Ministry of Education, prior to December 15, 2015, and that a summary of the material changes between original and Revised Estimates be presented for review at the Labour Relations Committee and the Accommodation and Business Affairs Committee of the Board.

E. LOBBYING OF GOVERNMENT

Over the years, this Board has been a strong lobbyist for equitable and fair funding for all pupils. While the new funding model had been developed with the objective to address the issues of equity, there remains concern over the “adequacy” of funding. In particular, the funding model does not support a number of strategies that the Board believes has contributed to the top student performance results that have been generated over the past few years.

In addition concerns remain over provincial benchmarks used in developing funding levels for a number of areas noted in the recent past, such as Special Education, ESL, Technology and, Employee Benefits. A new area of concern over funding relates to the provision for funding of 21st Century Learning and incremental costs associated with recent Provincial Labour agreements

Efforts must be made to ensure a coordinated approach with the Ministry of Education on this matter.

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.**
- 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. REVIEW OF BUDGET DEVELOPMENT PROCESS

A level of frustration has been expressed over the past few years (by both trustees and administration) over the budget development process. Some issues communicated include lack of key budget principles to be followed and lack of appropriate forum to discuss and review budget issues, concerns and realities both on a short-term and long-term basis.

The current and projected state of education funding and labour relations will require all Boards to further scrutinize and analyze annual budget provisions, and to do so on a more timely basis. Further, as detailed in various reports, YCDSB has been and will continue to be faced with projected reduction in funding on an on-going basis due to Ministry of Education announced restraint measures.

The recent operational reviews, coupled with the development of a new strategic plan for the Board, presents an opportunity for the Board to reassess how the annual budget (and anticipated adjustments) is developed and processed on a go-forward basis.

A formal Budget Policy and or procedures including the possibility of the assignment of a standing committee to develop budget proposals for the Board to consider is an option that is suggested at this time.

Note: As identified on page 37 of the 2015-2016 Revenue Module dated June 25, 2015, significant Provincial restraint measures are anticipated over the next few years which will result in reduction in future funding for various programs (e.g. Special Education, ESL) and as such will necessitate the need to develop strategies to address.

RECOMMENDATIONS:

THAT the Board approve the development of a Budget Policy and or formalized procedures/practices to be used to guide the Board in its annual and multi-year budget process and that such a budget policy and or procedures/practices provide clarification as to:

- a. **Key principles**
- b. **Development timelines**
- c. **Strategies to address anticipated/projected funding reductions**
- d. **Committee or forum to facilitate dialogue on budget development**
- e. **Methodology for program and operational service reviews**
- f. **Linkage to Multi-Year Strategic Plan**

G. GENERAL SCHOOL BUDGETS (GSB)

Further to discussions held at the Board with respect to allocation of General School Budgets (GSB) to the schools and concerns associated with equitable (e.g. large school vs. small schools, elementary vs. secondary, new vs. established schools) distribution of funds to YCDSB schools, it is proposed that a committee be established to address this issue.

It is further proposed that any committee established include representation from school administrators and that recommendations generated from this committee be made on a timely basis to ensure inclusion in the 2016-2017 Operating Budget.

Note: The current annual GSB allocation approximates \$8.7 million and carry-forward amounts approximate \$1.3 million which, in total, reflects almost \$10 million.

RECOMMENDATIONS:

- 1. THAT the Board establish a GSB Review Committee to examine the current allocation methodology used for assigning funding to the schools and to make recommendation for refinement and/or change.**
- 2. THAT effective for the year ending August 31, 2016 the Board limit the GSB carry-forward to no greater than 10% of the annual allocation.**