

York Catholic District School Board

2015-16

Allocation of Resources



**APPROVAL OF THE 2015-16
FINANCIAL ESTIMATES**

Presentation to Board

June 26, 2015

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

OBJECTIVES RE: JUNE 26, 2015 MEETING



1. Review final draft of the revenue and expenditure projections for the 2015-2016 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 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.

BACKGROUND INFORMATION



In developing the 2015-16 Financial Estimates, a series of key meetings have been held:

- Public Board and Committee meetings held (February 24, March 24, April 28, May 19, May 26, and June 16, 2015)
- Final Board Meeting Re Budget scheduled for June 26, 2015
- Labour Relations Committee meetings have also been held (April 21, May 19, June 8 and June 25, 2015)

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



BUDGET BALANCING EXERCISE/METHODOLOGY

- Simple Formula:

$$\textit{Revenues} = \textit{Expenditures}$$

- Enhanced Simple Formula:

$$\textit{Revenue} - \textit{Salary \& Benefit Expenditures} = \textit{Other Non-Salary \& Benefit Expenditures}$$



FUNDING AVAILABLE FOR NON-SALARY & BENEFIT EXPENDITURES

Projected Revenue	\$569,465,629
Projected Salaries and Benefits	<u>\$506,512,178</u>
Available for “Non-Salary & Benefit” Expenditures	<u><u>\$ 62,953,451</u></u>

ADJUSTMENTS MADE SINCE JUNE 16, 2015



Surplus as at June 16, 2015	<u>\$253,545</u>
Adjustments Made/Proposed:	
• Reduction of Other Revenue from \$0.5M to \$0.25M	\$ (250,000)
• Reduction of provision for Grade 1 R.E. curriculum	123,140
• Reduction of proposed reduction re GSB carry-forward	<u>\$ (126,685)</u>
	<u>\$ (253,545)</u>
Surplus as at June 26, 2015	<u>\$ Nil</u>

2015-16 BUDGET PROJECTIONS - SUMMARY



	Total Operating & Non – Operating	Total Operating
Revenue	\$651,541,492	\$569,465,629
Expenditures	651,541,492	569,465,629
Difference	Nil	Nil

TOTAL OPERATING & NON-OPERATING REVENUE



<u>Revenue Summary</u>					
				<u>Difference</u>	
	<u>2014/15 Revised Estimates</u>	<u>2015/16 Revenue Projections</u>		<u>Increase</u>	<u>(Decrease)</u>
					<u>%</u>
OPERATING REVENUE					
Grants for Student Needs	\$ 554,374,038	\$ 554,571,201		\$ 197,163	0.04%
Other Grants	0	0		0	0.00%
Other Revenue	6,856,500	7,560,000		703,500	10.26%
Continuing Education-Other	7,453,935	7,334,428		(119,507)	(1.60%)
TOTAL OPERATING REVENUE	<u>\$ 568,684,473</u>	<u>\$ 569,465,629</u>		<u>\$ 781,156</u>	<u>0.14%</u>
NON-OPERATING REVENUE	<u>89,006,683</u>	<u>82,075,863</u>		<u>(6,930,820)</u>	<u>(7.78%)</u>
TOTAL REVENUE	<u>\$ 657,691,156</u>	<u>\$ 651,541,492</u>		<u>\$ (6,149,664)</u>	<u>(0.94%)</u>

TOTAL OPERATING & NON-OPERATING REVENUE AND EXPENDITURES



	<u>Operating</u>	<u>Non-Operating</u>	<u>Total</u>
Revenue Projections	<u>\$ 569,465,629</u>	<u>\$ 82,075,863</u>	<u>\$ 651,541,492</u>
Less: Expenditures			
Salary and Wages	\$436,621,835		\$436,621,835
Employee Benefits	69,890,343		69,890,343
Other	<u>\$ 62,953,451</u>	<u>\$ 82,075,863</u>	<u>\$145,059,314</u>
	<u>\$569,465,629</u>	<u>\$ 82,075,863</u>	<u>\$651,541,492</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)			
	2014/15 Revised Estimates	2015/16 Projection	Difference 2015/16 vs. 2014/15
Revenue: Available for Operating			
Grants (GSN)	\$ 554.37	\$ 554.57	\$.20
Other Grants	0.00	0.00	.00
Other Revenue	6.86	7.56	0.70
Continuing Education	\$ 7.45	\$ 7.33	\$ (.12)
Total Operating Revenue	<u>\$ 568.68</u>	<u>\$ 569.47</u>	<u>\$.78</u>
Expenditures: Regular Operating			
Salary and Wages	\$ 436.42	\$ 436.62	\$.20
Employee Benefits	68.92	69.89	.97
Other Expenditures:	<u>63.34</u>	<u>\$ 62.95</u>	<u>(.39)</u>
Expenditures (Regular Operating)	<u>\$ 568.68</u>	<u>\$ 569.47</u>	<u>\$.78</u>
Net-Revenue less Expenditures	<u>0.00</u>	<u>0.00</u>	<u>0.00</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	76.67%
• Employee Benefits	<u>12.27%</u>
	88.95%
• Other Operating	<u>11.05%</u>
• Total Expenditures	<u>100.00%</u>



MAJOR ASSUMPTIONS

Revenue Projections:

- **Details provided in June 26th Revenue Module**
- **Operating GSN's - Enrolment Driven**
- **Total 55,233.13 ADE (System Decrease of 185.33 ADE)**
 - Elementary 37,085.88 ADE (Decrease of 219.01 vs. 2014-15 RE)
 - Secondary 18,147.26 ADE (Increase of 33.68 vs. 2014-15 RE)
- **Total Revenue includes:**
 - **Operating : \$ 569.47 million**
 - **“Non”-Operating : \$ 82.07 million**

\$ 651.54 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 \$ 436.62 million 76.68%
- Employee Benefits \$ 69.89 million 12.27%
- Total Salaries & Benefits **\$ 506.51 million 88.95%**

Note #1 *Labour Relations Committee reviewed the Salaries & Employee Benefits expenditure modules which provided details related to assumptions and staffing level projections for 2015-16.*

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 2015-16 and will be revised at time of Revised Estimate submission.*

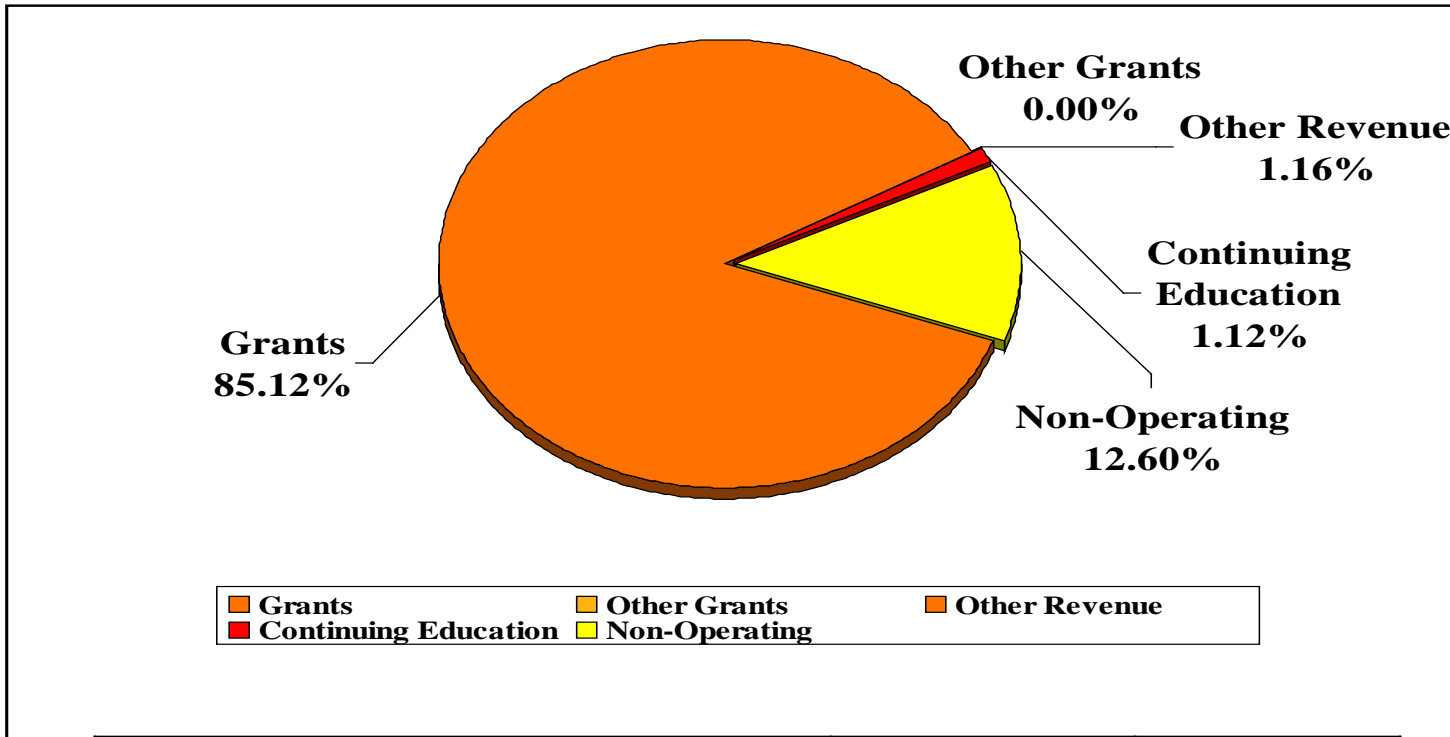
2015-16 OPERATING REVENUE PROJECTIONS



	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%

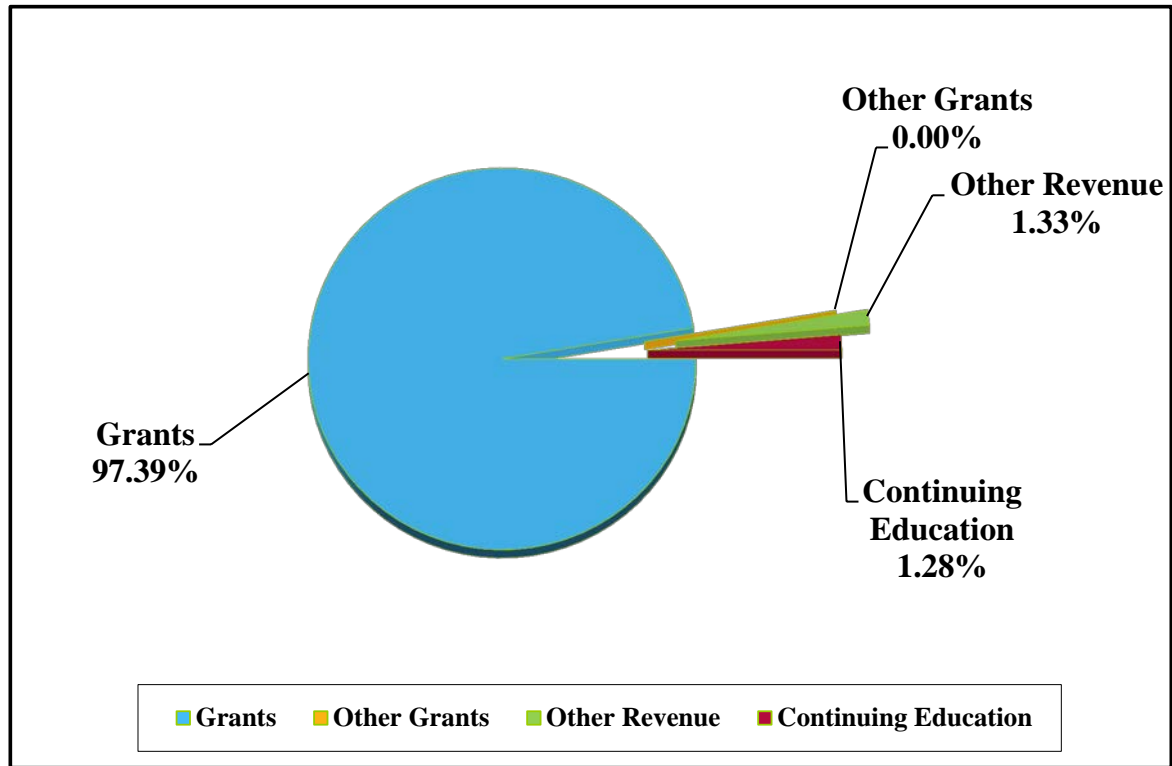
Notes: 1. Details regarding the 2015-16 Revenue Projections are included in the 2015-16 final Revenue Estimate module.

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



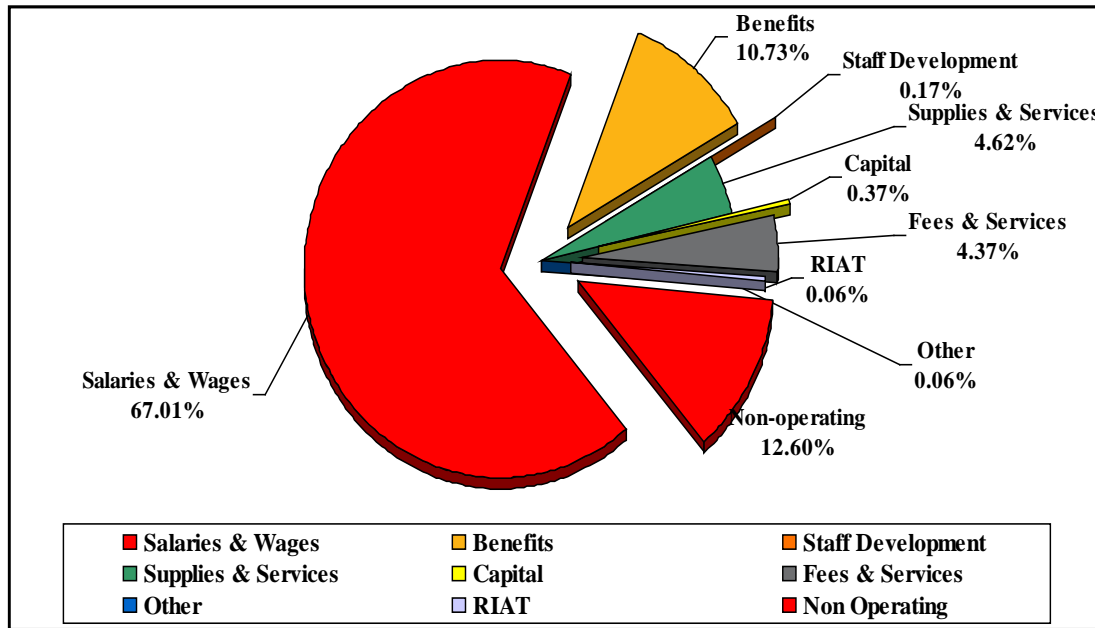
Grants for Student Needs	\$554,571,201	97.39%
Other Grants	0	0.00%
Other Revenue	7,560,000	1.33%
Continuing Education	7,334,428	1.28%
Total Operating Revenue	569,465,629	100.00%

2015-16 EXPENDITURE PROJECTIONS – OPERATING AND NON-OPERATING



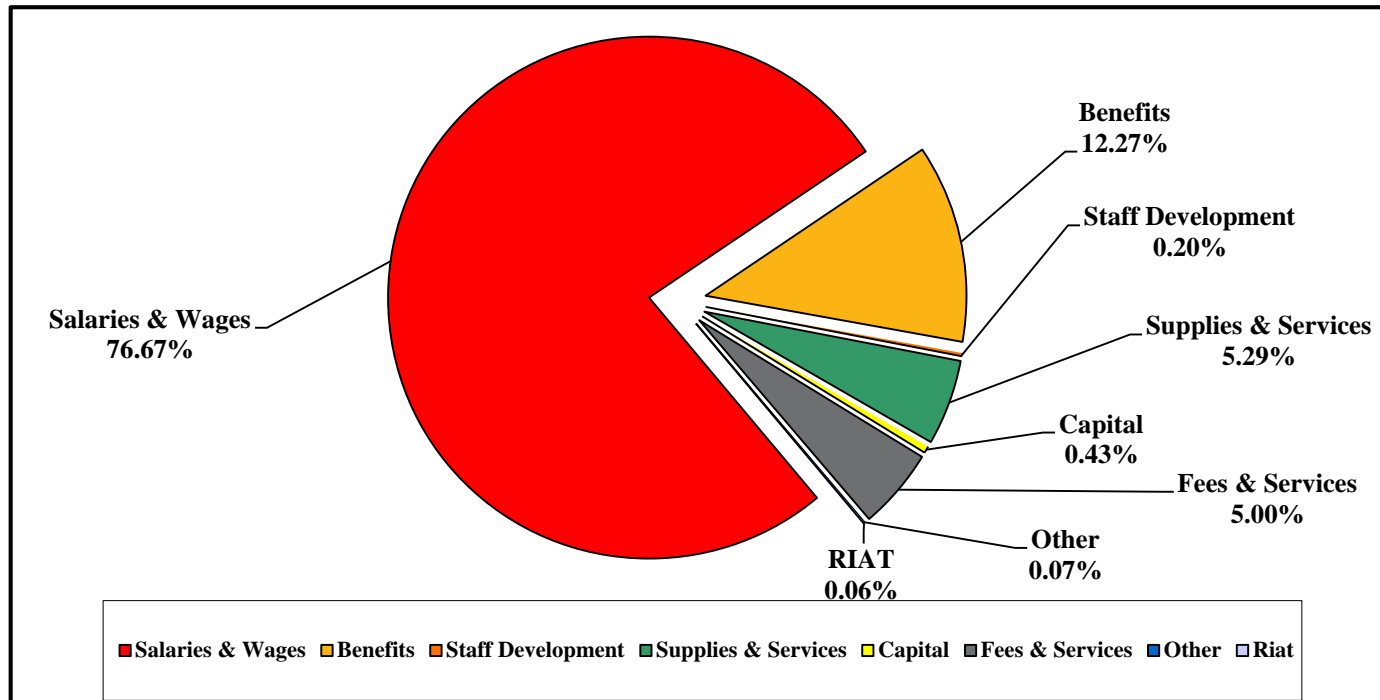
	2014-15 Revised Estimates	2015/16 Projections	Increase/(Decrease)	
			\$	%
Operating:				
Salaries & Wages	\$436,419,018	\$ 436,621,835	\$ 202,817	0.05
Employee Benefits	68,922,366	69,890,343	967,977	1.40
Total Salaries & Benefits	\$ 505,341,384	\$ 506,512,178	\$1,170,794	0.23
Staff Development	1,204,130	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%



PROPOSED RECOMMENDATIONS

The series of proposed recommendations (along with background information and rationale for each) related to the approval of the 2015-16 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 & Benefit 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 2013-14 FINANCIAL ESTIMATES



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 other 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



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



RECOMMENDATION:

- i. 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.**
- ii. 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. PREPARATON & SUBMISSION OF REVISED ESTIMATES



RECOMMENDATION:

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 Accommodation and Business Affairs Committee of 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. REVIEW OF BUDGET DEVELOPMENT PROCESS



RECOMMENDATION:

- i. **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) REVIEW



RECOMMENDATION:

- 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.**

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 2015-16 Administration and Governance envelope will likely be “exceeded”, however, efforts have been made to significantly reduce excess.

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 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.

THE CHALLENGE



KEEPING THE BALANCE

and

LEVERAGED USE OF RESOURCES

FISCAL

STUDENT

RESPONSIBILITY

vs.

OUTCOMES

