

2016-17
Allocation of Resources

APPROVAL OF THE 2016-17 FINANCIAL ESTIMATES

Presentation to Board
June 29, 2016

Presented by: Anna Chan, Chief Financial Officer and Treasurer of the Board
Patricia Preston, Director of Education & Secretary of the Board





OBJECTIVES RE: JUNE 29, 2016 MEETING

- 1. Review final revenue and expenditure projections for the 2016-2017 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 2016-2017 Financial Estimates, along with related/enabling motions; and**
- 3. Allow for discussion on the follow-up required for the implementation and monitoring of the 2016-2017 budget as well as for the preparation for the development of the 2017-2018 and future Operating Budgets.**



BACKGROUND INFORMATION

In developing the 2016-17 Financial Estimates, a series of key meetings have been held:

- **Public Board and Committee meetings held (February 29, March 10, April 12, May 10, May 31, and June 14 and June 21, 2016)**
- **Labour Relations Committee and Committee of the Whole meetings have also been held (May 24 and June 14, 2016 respectively)**
- **Final Board Meeting - Budget Approval on June 29, 2016**

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



2016-17 Operating & Non-Operating Budget

2016-17 Operating & Non-Operating Budget:

	Total Operating & Non-Operating	Total Operating
Total Revenue Projections	\$ 655,972,041	\$ 575,954,601
Total Expenditures Projections	660,872,681	580,855,241
Net Operating (Deficit)	\$ (4,900,640)	\$ (4,900,640)



Budget Development Key Steps

- **Three Key Calculation Steps:**
 1. Revenues*, *less....*
 2. Expenditures, *results in....*
 3. Surplus/ (**Deficit**)**
- * Operating GSN's - Enrolment Driven
- ** *Board Target/Requirement*
 - = *Balanced Budget*
 - = *Link to Multi-Year Strategic Plan*



2016-17 Estimates Enrolment Used for Revenue

Estimates Enrolment				
	2015-16	2016-17	Difference	
	Revenue	Revenue		
	Revised	Estimates	#/\$	%
	Estimates	Estimates		
ENROLMENT (excludes High Credit & Visa students)				
Elementary	36,763.71	36,277.21	(486.50)	-1.32%
Secondary	17,890.13	18,100.75	210.62	1.18%
Total Enrolment	54,653.84	54,377.96	(275.88)	-0.50%
ENROLMENT (High Credit)				
Secondary	15.25	15.25	-	
ENROLMENT (Visa students)				
Elementary	50.00	52.00	2.00	4.00%
Secondary	260.00	282.00	22.00	8.46%
Total Enrolment	310.00	334.00	24.00	7.74%
ENROLMENT (includes Visa students)				
Elementary	36,813.71	36,329.21	(484.50)	-1.32%
Secondary	18,165.38	18,398.00	232.62	1.28%
Total Enrolment	54,979.09	54,727.21	(251.88)	-0.46%

Note: 2016-17 enrolment is based on submission to the Ministry of Education in November 2015 (equal to Ministry of Education Profile). VISA student enrolments have since been updated.



2015-16 Revenue Revised Estimates Adjusted

2015-16 Revised Estimates Adjusted for Grants for Student Needs (GSN) increase re provincial labour framework settlements

Categories	2015-2016 Revised Estimates	Grant Adjustments	2015-2016 Adjusted Revised Estimates
Total Revenue	\$ 568,809,346	7,104,015	\$ 575,913,361
Salaries and Benefits (incl. PSAB)	512,413,865		512,413,865
Other Expenditures	63,172,517		63,172,517
Total Expenditures: Operating	\$ 575,586,382	\$ -	\$ 575,586,382
Net Operating Surplus (Deficit)	\$ (6,777,036)	\$ 7,104,015	\$ 326,979



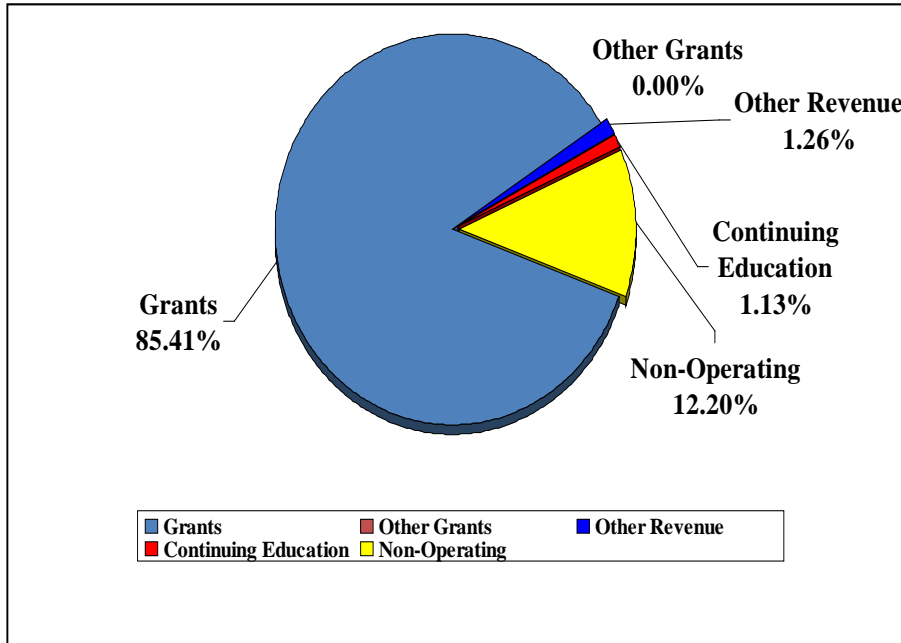
2016-17 Revenue Estimates

Revenue Summary					
	2015-16 Revenue Revised Estimates	2015-16 Adjusted Revised Estimates	2016-17 Revenue Estimates	Difference 2015-16 Revised Estimates vs 2016-17 Estimates	
				#/\$	%
<u>OPERATING REVENUE</u>					
Grants for Student Needs (GSN)	\$ 553,393,432	\$ 560,497,447	\$ 560,273,884	\$ (223,563)	-0.04%
Other Revenue	8,381,613	8,381,613	8,280,900	(100,713)	-1.20%
Continuing Education Other	7,034,301	7,034,301	7,399,817	365,516	5.20%
TOTAL OPERATING REVENUE before Grants/Revenue with Expense offsets and Capital Program Revenue					
	\$ 568,809,346	\$ 575,913,361	\$ 575,954,601	\$ 41,240	0.01%
Grants/Revenue with Expense offsets	\$ 6,378,311	\$ 6,378,311	\$ 4,295,080	\$ (2,083,231)	-32.66%
Capital Program Revenue	\$ 25,543,877	\$ 25,543,877	\$ 22,432,155	\$ (3,111,722)	-12.18%
PSAB Items	\$ 52,331,611	\$ 52,331,611	\$ 53,290,205	\$ 958,594	1.83%
<u>TOTAL REVENUE</u>	\$ 653,063,145	\$ 660,167,160	\$ 655,972,041	\$ (4,195,119)	-0.64%

Revenue Details are in the Revenue Module dated June 29, 2016



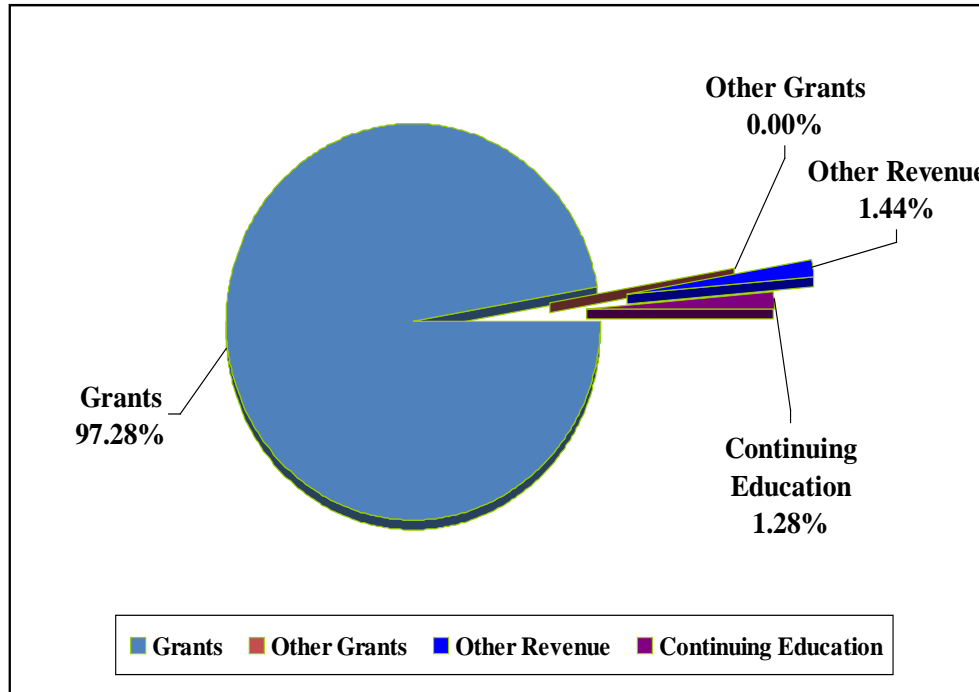
2016-17 Operating & Non-Operating Revenue Projections



Grants for Student Needs	\$ 560,273,884	85.41%
Other Grants	0	0.00%
Other Revenue	8,280,900	1.26%
Continuing Education	7,399,817	1.13%
Non-Operating	80,017,440	12.20%
Total Operating & Non-Operating Revenue	655,972,041	100.00%



2016-17 Operating Revenue Projections



Grants for Student Needs	\$560,273,884	97.28%
Other Revenue	8,280,900	1.44%
Continuing Education	7,399,817	1.28%
Total Operating Revenue	575,954,601	100.00%



2016-17 Operating & Non-Operating Revenue and Expenditures

	Operating Expenditures	Non-Operating Expenditures	Total
Revenues	575,954,601	80,017,440	655,972,041
Salary and Wages	\$ 445,723,369		445,723,369
Employee Benefits	71,893,550		71,893,550
Other Expenditures	63,238,322		63,238,322
Non-Operating		80,017,440	80,017,440
Total Expenditures	580,855,241	80,017,440	660,872,681
Net Operating (Deficit)	\$ (4,900,640)	\$ -	(4,900,640)

Note: Recommendation I of the enabling motions presents approval of the above totals: I(1) Total Revenue, A(2) Salary & Benefits, and A(3) Other Expenditures



2016-17 Operating Revenue and Expenditures

Categories	2015-2016 Revised Estimates	2015-2016 Adjusted Revised Estimates	2016-2017 Estimates	Increase (Decrease) 2015-16 Adjusted Revised Estimates vs 2016-17 Estimates	
				\$	%
Grants for Student Needs	553,393,432	560,497,447	560,273,884	(223,563)	0.0%
Other Grants/Revenues	15,415,914	15,415,914	15,680,717	264,803	1.7%
Total Revenue	\$ 568,809,346	\$ 575,913,361	\$ 575,954,601	\$ 41,240	0.0%
Salaries and Wages (incl. PSAB)	442,083,016	442,083,016	445,723,369	3,640,353	0.8%
Employee Benefits (incl. PSAB)	70,330,849	70,330,849	71,893,550	1,562,701	2.2%
Other Expenditures	63,172,517	63,172,517	63,238,322	65,805	0.1%
Total Expenditures: Operating	\$ 575,586,382	\$ 575,586,382	\$ 580,855,241	\$ 5,268,859	0.9%
Net Operating Surplus (Deficit)	\$ (6,777,036)	\$ 326,979	\$ (4,900,640)	\$ (5,227,619)	-1598.8%

Note: Recommendation I of the enabling motions presents approval of the above totals: I(1) Total Revenue, A(2) Salary & Benefits, and A(3) Other Expenditures



MAJOR ASSUMPTIONS

ENROLMENT & REVENUE

- **Details provided in June 29, 2016 Revenue Module**
- **Operating GSN's - Enrolment Driven**
- **Total 54,727.21 ADE (System Decrease of 251.88 ADE)**
 - Elementary 36,329.21 ADE (Decrease of 484.50 vs. 2015-16 RE)
 - Secondary 18,398.00 ADE (Increase of 232.62 vs. 2015-16 RE)
- **Total Revenue includes:**
 - **Operating : \$ 575.95 million**
 - **“Non”-Operating : \$ 80.02 million**
\$ 655.97 million

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



BACKGROUND INFORMATION

“Concepts”

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

	2016-17 Operating Expenditures	Total Operating
Salary and Wages	\$ 445,723,369	76.74%
Employee Benefits	71,893,550	12.38%
Other Expenditures	517,616,919	89.11%
	63,238,322	10.89%
Net Operating (Deficit)	\$ 580,855,241	100.00%



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 \$445.72 million 76.74%
- Employee Benefits \$ 71.89 million 12.38%
- **Total Salaries & Benefits** **\$ 517.61 million 89.11%**



MAJOR ASSUMPTIONS

SALARIES & EMPLOYEE BENEFITS

Note #1 Committee of the Whole reviewed and approved the Salaries & Employee Benefits expenditure modules which provided details related to assumptions and staffing level projections for 2016-17.

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.

Note #3 Current Provincial directives and regulations regarding Labour Agreements will impact final provision for 2016-17 and any changes will be revised at time of Revised Estimate submission.

Note #4 2016-17 is the transition year into the provincial Employee Life and Health Trusts which has brought and may continue to bring significant increases, volatility and unpredictability in Benefit costs.



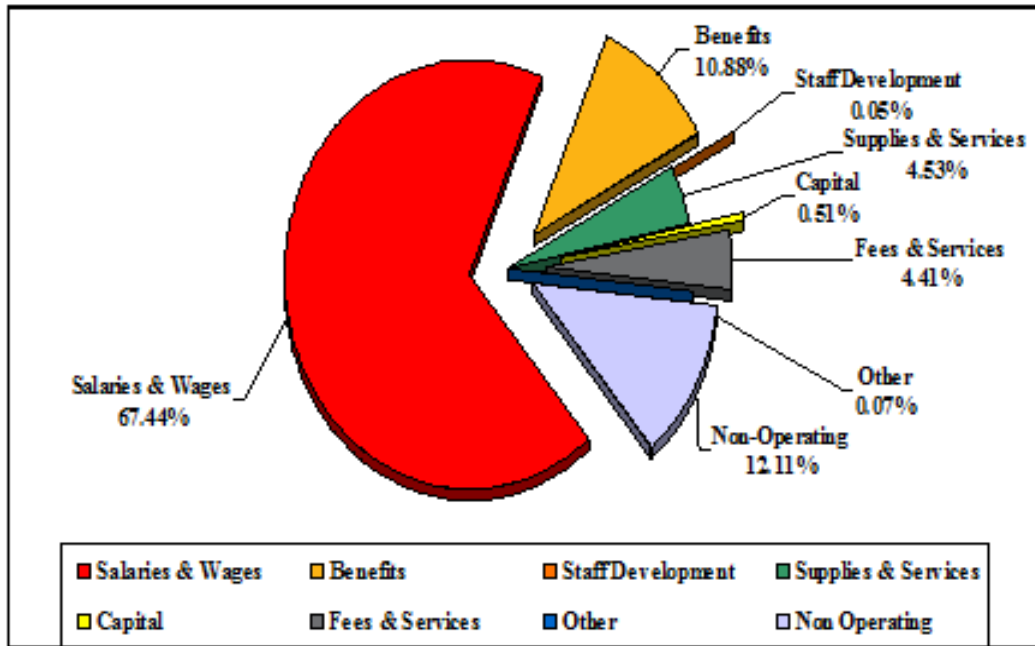
2016-17 EXPENDITURE PROJECTIONS – OPERATING AND NON-OPERATING

Expenditures	2015-2016 Revised Estimates	2016-2017 Estimates	Increase (Decrease)	
			\$	%
Salaries & Wages	442,083,016	445,723,369	3,640,353	0.8%
Employe Benefits	70,330,849	71,893,550	1,562,701	2.2%
Total Salaries & Benefits	\$ 512,413,865	\$ 517,616,919	\$ 5,203,054	1.0%
Professional Development	1,270,190	360,330	(909,860)	-71.6%
Supplies and Services	28,482,874	29,948,162	1,465,288	5.1%
Capital Expenditures	4,334,368	3,360,182	(974,186)	-22.5%
Fees & Contractual Services	28,668,250	29,133,080	464,830	1.6%
Other	416,835	436,568	19,733	4.7%
Total Expenditures: Operating	\$ 63,172,517	\$ 63,238,322	\$ 65,805	0.1%
TOTAL OPERATING	\$ 575,586,382	\$ 580,855,241	\$ 5,268,859	0.9%
Non-Operating Expenditures	\$ 84,253,799	\$ 80,017,440	\$ (4,236,359)	-5.0%
TOTAL EXPENDITURES	\$ 659,840,181	\$ 660,872,681	\$ 1,032,500	0.2%

The above incorporates all cost reductions identified during the 2016-17 budget development process.



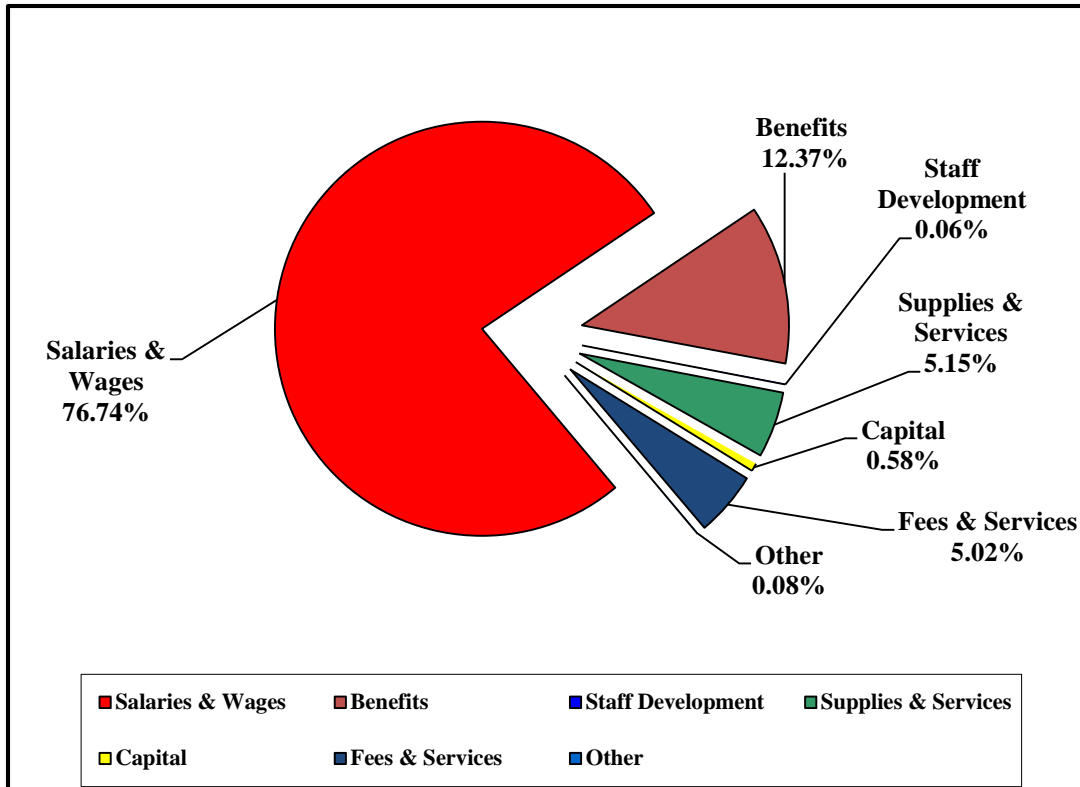
2016-17 PROJECTED OPERATING & NON-OPERATING EXPENDITURES – BY OBJECT



Salaries & Wages	\$ 445,723,369	67.44%
Employee Benefits	71,893,550	10.88%
Staff Development	360,330	0.05%
Supplies & Services	29,948,162	4.53%
Capital Expenditures	3,360,182	0.51%
Fees & Services	29,133,080	4.41%
Other	436,568	0.07%
Non-Operating	80,017,440	12.11%
TOTAL	\$ 660,872,681	100.0%



2016-17 OPERATING EXPENDITURES- BY OBJECT



Salaries & Wages	\$ 445,723,369	76.74%
Employee Benefits	71,893,550	12.37%
Staff Development	360,330	0.06%
Supplies & Services	29,948,162	5.15%
Capital Expenditures	3,360,182	0.58%
Fees & Services	29,133,080	5.02%
Other	436,568	0.08%
Expenditures (Regular Operating)	\$ 580,855,241	100.00%



RECOMMENDATIONS

The series of proposed recommendations (along with background information and rationale for each) related to the approval of the 2016-17 Financial Estimates are included on Appendix B. They are organized into five groupings of motions as follows:

- A. Approval & Submission of 2016-2017 Financial Estimates**
 - i. Revenue**
 - ii. Salaries & Benefit Expenditures**
 - iii. Other Expenditures**
 - iv. In-Year Deficit**
- B. Use of Operating Budget Surplus for EDC Purposes – Policy 810**
- C. Multi-Year Recovery Plan (MYRP), Monitoring and Allocation of 2016-17 Financial Estimates**
- D. Preparation and Submission of Revised Estimates**
- E. Lobby Efforts Re: Fair and Equitable Funding**



A. APPROVAL AND SUBMISSION OF 2016-17 FINANCIAL ESTIMATES

RECOMMENDATIONS:

i. Revenue Estimates for 2016-2017:

THAT the Board approve the submission of the Revenue Financial Estimates to the Ministry of Education for the fiscal year September 1, 2016 to August 31, 2017, in the total amount of \$655,972,041 (based on operating and non-operating) as presented in the budget documentation dated June 29, 2016.

ii. Salaries and Benefits Estimates 2016-2017:

THAT the Board approve the submission of the Salary and Benefits Expenditure Estimates to the Ministry of Education for the fiscal year September 1, 2016 to August 31, 2017, in the total amount of \$517,616,919 (based on operating only) as presented in the budget documentation dated June 29, 2016 and endorsed by the Committee of the Whole on June 21, 2016.



A. APPROVAL AND SUBMISSION OF 2016-17 FINANCIAL ESTIMATES

RECOMMENDATIONS:

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, 2016 to August 31, 2017 (based on operating and non-operating) in the total amount of \$143,255,762 as presented in the budget documentation dated June 29, 2016.

iv. In-Year Deficit:

THAT the Board approve the submission of an In-Year Deficit Estimates to the Ministry of Education for the fiscal year September 1, 2016 to August 31, 2017, (based on operating and non-operating) in the total amount of (\$4,900,640) as presented in the budget documentation dated June 29, 2016.



B. USE OF OPERATING BUDGET SURPLUS FOR EDC PURPOSES

RECOMMENDATION:

THAT the Board not designate 2016-2017 Operating Budget funds for the purpose of acquisition of school sites.



C. MYRP, MONITORING AND ALLOCATION OF 2016-17 FINANCIAL ESTIMATES

RECOMMENDATION:

- i. THAT Administration develop tracking, and reporting tools necessary to provide regular and effective monitoring of its expenditures.**
- ii. THAT Administration report regularly to the Board or through applicable Board Committees, including Labour Relations Committee, and the Accommodation and Business Affairs Committee of the Board, a summary of any significant changes in budget assumptions and provide an estimate of their projected impact on the 2016-2017 Operating Budget Estimates and Revised Estimates.**



C. MYRP, MONITORING AND ALLOCATION OF 2016-17 FINANCIAL ESTIMATES (Con't)

RECOMMENDATION:

- iii. THAT due to the uncertainty of certain key budget assumptions with respect to labour costs for 2016-2017, administration be directed to apply effective restraint measures to the release of budget allocations until the 2016-2017 Revised Estimates are approved and greater certainty on assumptions are realized.**
- iv. THAT Administration seek Ministry assistance in the development of a Multi-Year Recovery Plan to identify sustainable budget reduction strategies to address the Board's current and projected structural deficit.**



D. PREPARATION & SUBMISSION OF REVISED ESTIMATES

RECOMMENDATION:

THAT Administration prepare for submission of the Revised Estimates to the Ministry of Education, prior to December 15, 2016, and that a summary of the material changes between original and Revised Estimates be presented for review at the Board or its applicable Committees, including Labour Relations Committee, and 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.**



COMPLIANCE REPORTING

- No Deficit (Balanced Budget)** ✘
- Compliant 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 categorization of expenditures included in the final submission, the 2016-17 Administration and Governance envelope compliance will be determined; however, efforts have been made to 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 29, 2016.
2. Prepare for implementation of the 2016-2017 Operating Budget effective for September 1, 2016, including enhanced budgetary restraints and strategies.
3. Prepare for the monitoring of Budget initiatives and directives including regular reporting to the Board or its applicable Committees including the Labour Relations and Accommodation and Business Affairs Committees of the Board.
4. Develop a Multi-Year Recovery Plan (MYRP) to address the Board's structural deficit.
5. Prepare and complete Revised Estimates for submission to the Ministry of Education prior to December 15, 2016.
6. Continue lobby efforts directly and through OCSTA to ensure the short and long-term financial stability of the Board

The Challenge

MULTI-YEAR DEFICIT RECOVERY

**FISCAL
RESPONSIBILITY**

vs.

**STUDENT
OUTCOMES**



KEEPING THE BALANCE