

2008-2009 School Year Budget



For decision-making June 23, 2008

Introduction

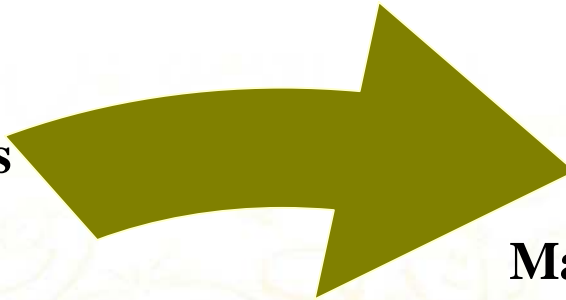


- **Budget is received on June 11th for decision-making on June 23rd.**
- **June 16th has been set aside for questions of clarification**

Introduction

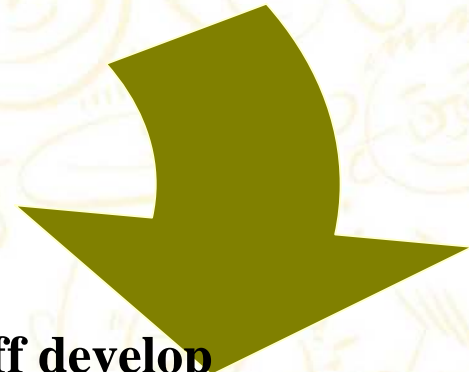


February: process begins



March: Grants received from government

June 23: Board consideration of budget



April/May: consultation on draft budget

March/ April staff develop draft budget



Introduction



- **The budget letter is accompanied by a CD that contains the backup materials for the budget.**
- **Using the “D” drive for the CD, click on any underlined portion of the budget letter and it will connect you with the appropriate document on the CD.**
- **Eg: Enrolment Trends**

Motions



- **There are five budget motions:**
- **A: EAP Program**
- **B: Salary and Benefits**
- **C: Non-Human Resource Costs**
- **D: Capital Budget**
- **E: Summarizes previous motions & instructs administration to file a balanced budget.**

Interpretation



Financial Planning for any fiscal year...shall not deviate materially from board's End priorities

- **Materially means “*important, essential, hence materially.*”**
- **The 2008-09 budget is based on the following nine trustee goals as flowing from the strategic plan, *Sharing Our Journey*. The budget does not deviate from these goals.**

Interpretation: Ends



Board of Trustees Nine Goals:

- *Our Educational Faith Community**
- *Curriculum**
- *Assessment**
- *Instruction**
- *Our Resources Including Technology**
- *Our Staff**
- *Our Leaders**
- *Our Stakeholders**
- *Our Organization**

Sharing Our Journey: Mission, Values, Beliefs of the Waterloo Catholic District School Board

Ontario Ministry of Education Curriculum designed and delivered to demonstrate and achieve the Ontario Catholic School Graduate Expectations

Ministry of Education direction for education 2008-2010: Reach Every Student - Energizing Ontario Education.



Interpretation



Not Risk fiscal jeopardy

- **Not placing the board in a position where expenses exceed revenues nor**
- **Entering into circumstances that an analysis of recent trends would suggest an approach cannot be sustained. For example: cost pressures identified through the School Board Workbook**

Interpretation



- **Not violate the Education Act or Ministry of Education Guidelines**

- **1. Not violating the Education Act etc., means submitting a balanced budget to the Board.**
- **2. It means allocating Ministry revenues for the purposes intended by the Ministry.**

NOTE:

- **When the electronic version of the budget is submitted it will not be accepted by the Ministry unless the budget is compliant with Ministry expectations outlined above in 1 and 2.**

Interpretation



- **Or fail to be derived from a multi-year plan**
- **In 2006-07 the Board approved a staff recommended three-year plan to reduce the reliance on reserve funds culminating in no use of reserves for the 2008-09 budget.**
- **Beginning in 2008-09 we will embark on a four-year plan that coincides with the current provincial framework agreements that outline HR costs until 2011-2012.**
- **Knowing HR costs until 2011-2012 will allow us to develop a multi-year plan with a great deal of confidence because 83% of the budget costs are known now!**

Interpretation



- **Have a formal process for soliciting input on needs and priorities of the system. (See pages 6-8 of budget letter)**
- **Internal input by department to the appropriate SO**
- **External consultation with SEAC**
- **Provide opportunities for trustees and the public to learn about, question, advise on the budget through Budget Advisory meetings.**
- **Invite employee groups, the public to participate in the process. (The formal process is carried out through April & May and is carried out through the lens of board goals and Ministry priorities).**

Interpretation



Employ credible projection of revenues and expenses

- **Enrolment drives revenue and expenses!**
- **Enrolment projections need to be accurate and make sense**
- **We are within projections when we end up within 2% of enrolment and can explain any target missed that is over 2% +/-**
- **Credible projections also means knowing year-to-year fixed costs and starting from a zero base for other costs.**

Interpretation



Separate capital and operational items.

- **The budget is divided into two parts as per board and Ministry direction**
 - **An Operating budget of \$196,743,712**
 - **A Capital budget of \$14,936,210**
 - **For a total budget of \$211,679,922**

Interpretation



Separation of cash flow

- **Cash flow is a function once the budget is approved. It is**
 - **A projection of expected revenues to budgeted expenses over the school year.**
 - **Revenues are defined as the Grants for Student Needs from the province and the tax payments received from local municipalities, the federal government, loans and other sources.**
 - **Expenditures are defined as those costs to meet payroll, contractual obligations to financial institutions and to purchase supplies and services to carry out the board mandate.**
 - **We receive a known monthly flow of revenue from the government along with payments from municipalities on a regular basis. This constitutes the largest portion of the cash flow of revenue to the board to meet expenses.**

Interpretation



Disclose planning assumptions.

- 1. WCDSB is currently experiencing enrolment decline that will continue for a number of years.**
- 2. Enrolment decline necessitates bringing down expenses to stay within available revenue.**
- 3. WCDSB has relied on the use of reserves in the past to balance previous budgets. The reserve fund is now less than 1% of operating at \$1.7 million – a prudent emergency fund.**

Interpretation



Plan the expenditure of more funds than are conservatively projected to be received

- **The budget will not expend more than is conservatively projected to be received.**
- **A conservative projection is based on a cautious approach to enrolment projection as outlined through the slide on “credible projection of revenues and expenditures”.**

Interpretation



Plan in a manner that risks unacceptable conditions enumerated in policy IV 008 – Financial Condition and Activities

- **An examination of policy IV 008 shows that a number of policy items do not apply since they only become active once a budget is approved and are not applicable during the budget planning process.**
- **These items are #1, 2, 3, 5, 6, 7 and 8 (for example: #3 “operate with a line of credit...” is an operational matter not a budget planning matter.**

Interpretation: IV 008 applies to



#4 Use any reserves

- **This is interpreted to mean the operating reserve fund cannot be used without Board approval.**
- **The Board of Trustees provides approval to use the Capital reserve when they approve the Capital budget...to pay principal & interest payments.**
- **All other use of the Capital reserve for new capital projects requires the approval of the Minister. (New this year).**

Interpretation: IV 008 applies to ...

9 Acquire, encumber or dispose of real property

- **The budget would outline through the Capital budget if there was any property being acquired, encumbered or disposed of.**
- **In each of the above cases, there needs to be a separate board resolution to acquire, encumber or dispose of real property. This activity does not take place as part of the budget.**

Interpretation: IV 008 applies to ...



10 Enter into financial agreements over 5 years.

- Where a financial arrangement over five years that emerges as a new arrangement through the budget will be identified as such in the budget and subject to board approval.
- This budget does not have any new financial arrangements for a period greater than five years.

Interpretation: IV 008 applies to ...



- **#11 Enter into any contract arrangements unless it primarily emphasizes the production of Ends and secondarily, the avoidance of unacceptable means**
- **The budget itself does not enter into contract arrangements. However, there may be proposals in the budget process that, if the budget is approved, will go through the RFP or contract process. At that time, the process will review the proposal to ensure that it supports student learning in a manner that is ethical, prudent, cost efficient and of benefit to students and the Waterloo Catholic District School Board.**

Interpretation: IV 008 applies to ...



- # 12 Permit fundraising/sponsorship activities without procedures in place.
- The budget does not deal with fundraising or sponsorship activities. However, these activities may fall out of a program or service once the budget is approved.
- There are procedures in place to deal with fundraising and sponsorship: APB004 – School Generated Funds

Interpretation



Provide less for board prerogatives than is set out in the Cost of Governance policy.

- **In light of the absence of a Cost of Governance policy, this budget will provide at least the same level of support of board prerogatives as last year adjusted for the increase in the OCSTA annual fee.**

Interpretation



- **Met the criteria of timely, open two-way sharing and allowing sufficient time for decision-making**
- **A process for timely, open two-way sharing is in place with at least three weeks for decision-making by trustees.**
- **The budget process is 60 working days from the receipt of the grants (March 26) to approval of the budget (June 23).**
- **There were 11 opportunities for two-way sharing and decision-making.**

Interpretation



Present a budget that can be:

- **Readily understood by persons without an education/financial background**
 - **Is clear, transparent, understandable,**
 - **Includes trends analysis**
-
- **Feedback indicates that the budget was understood by those without an education/financial background**
 - **Feedback indicates that the budget was clear, transparent and understandable.**
 - **The trends analysis is available as part of the budget process (see the Ministry budget workbook)**

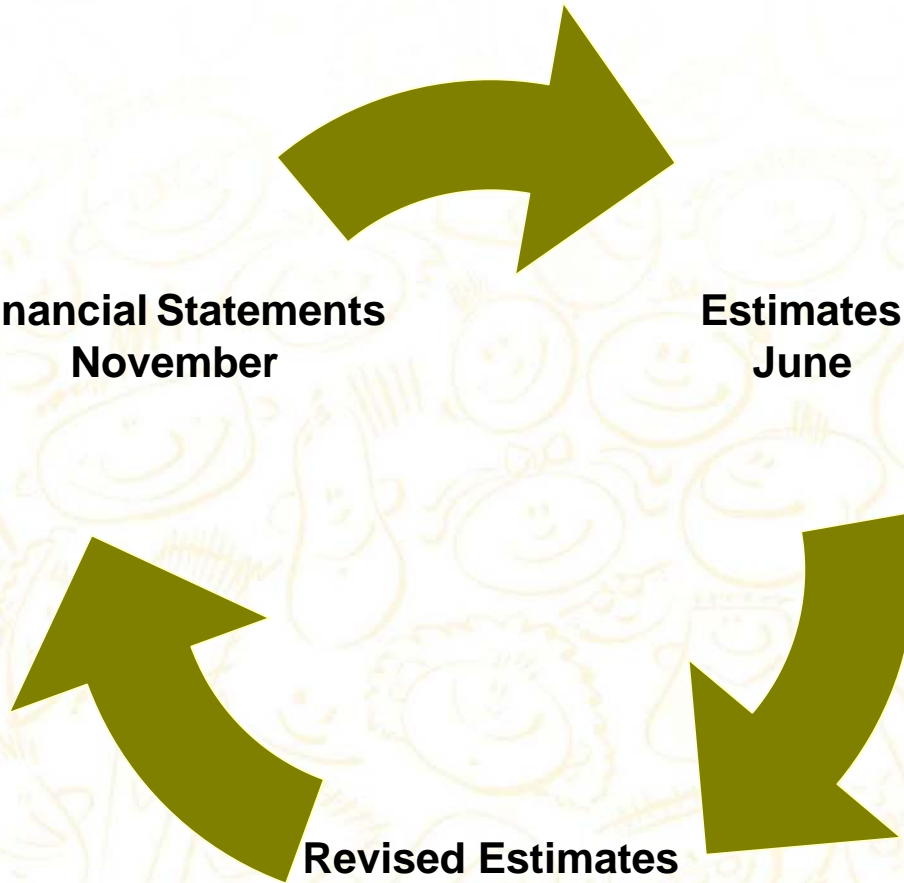
Budget Cycle



Financial Statements
November

Estimates
June

Revised Estimates
December



Role of Enrolment



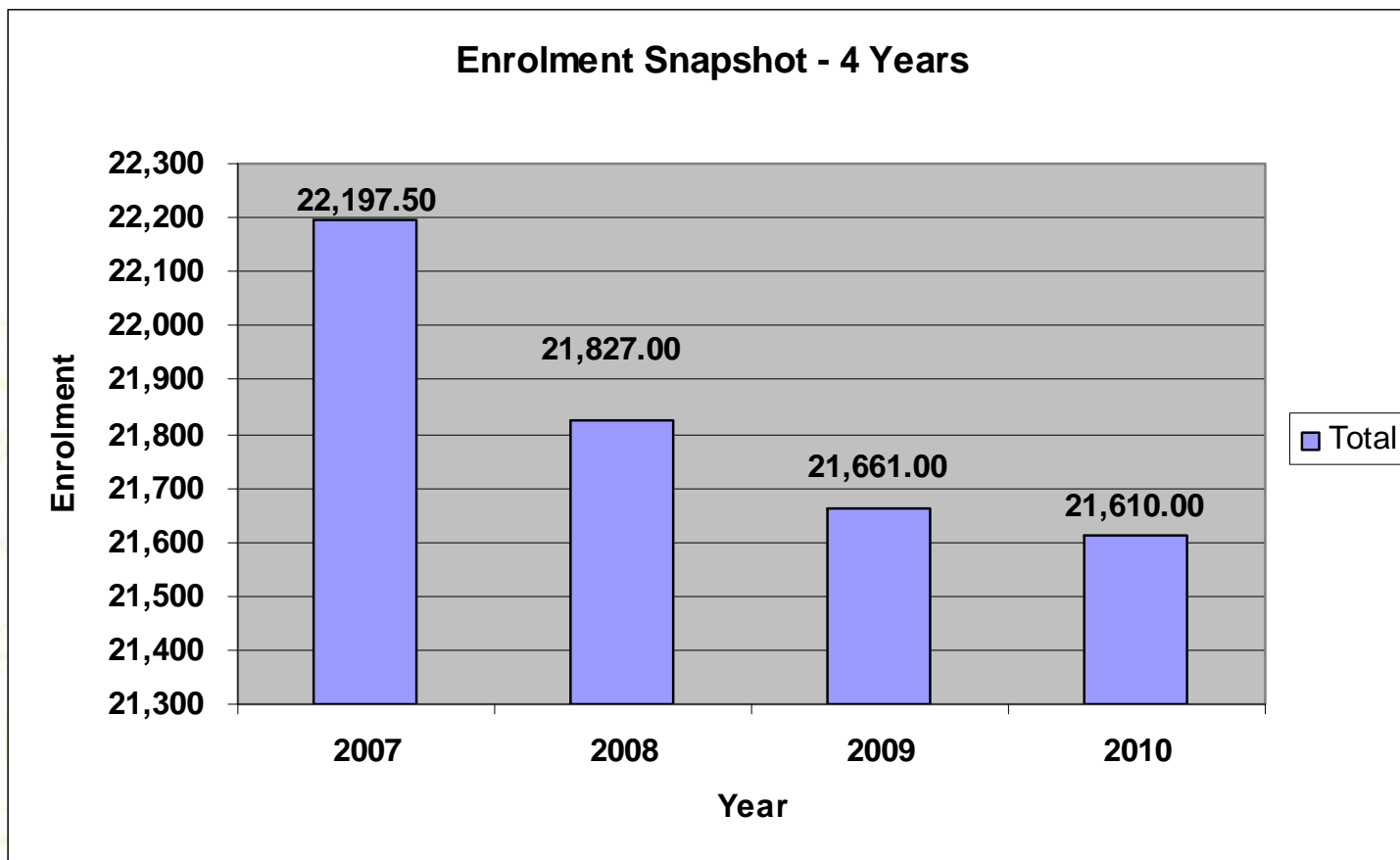
- **The primary driver of the grants provided by the province is enrolment.**
- **Changes in enrolment have a significant effect on revenues and the Board's ability to deliver consistent and quality services.**
- **Most areas of the province are in a state of declining student enrolments (60 of 72 boards).**

Role of Enrolment



- **A high percentage of staffing costs are driven by enrolment projections. Projecting too high of a student number in June creates a budget problem as associated staffing complements cannot be reduced in the fall. Since revenues are a function of enrolment, we can very easily get caught with too many staff and not enough revenue.**

Enrolment Snapshot



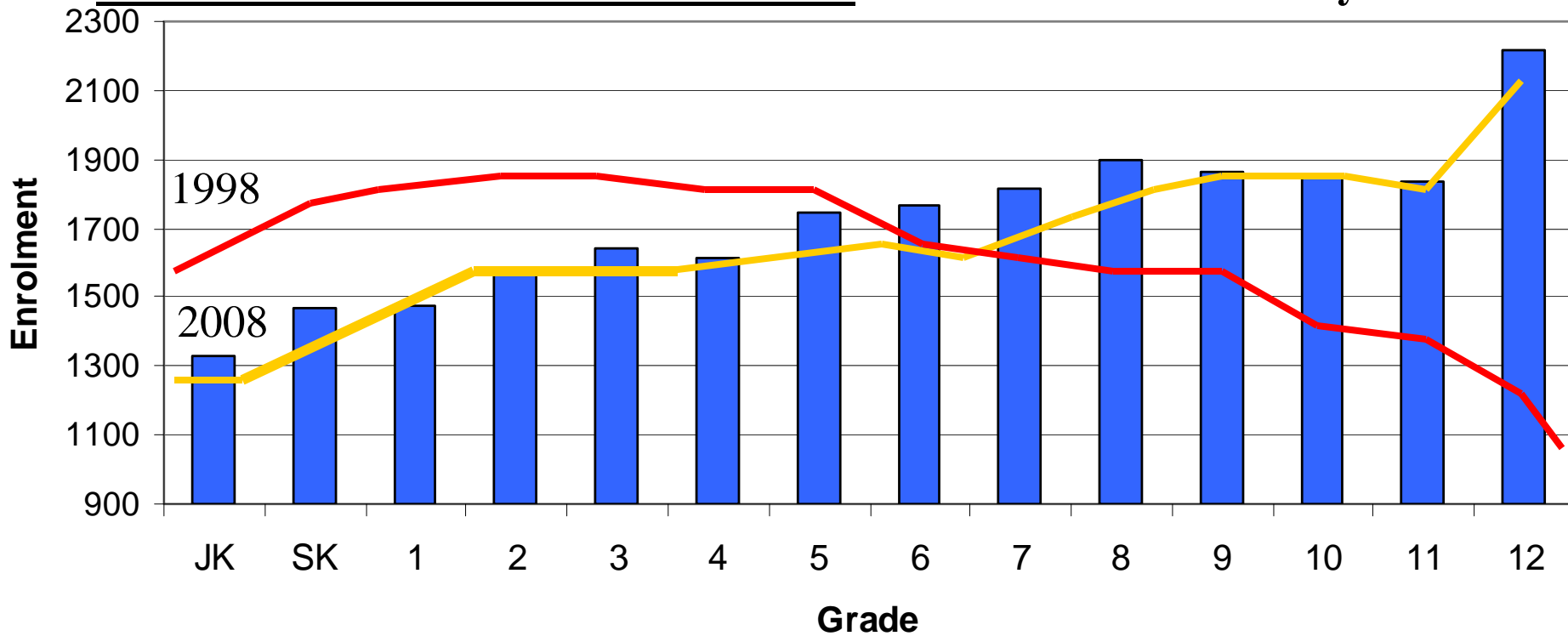
Enrolment by Grade



2006 Enrolment by Grade in blue

1998 in red: 2008 Gr. 9's in JK in 1998.

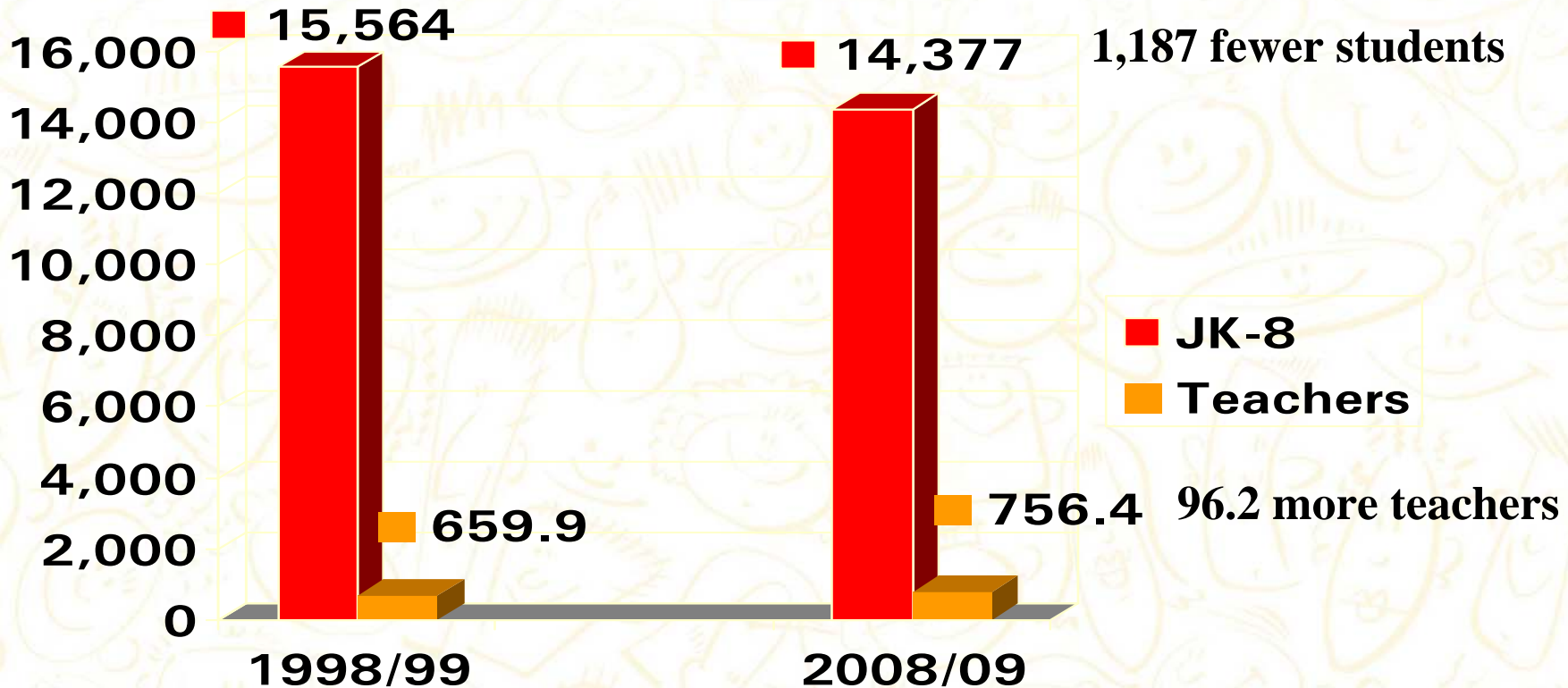
2008 Enrolment in yellow



Comparison to 1998



It is interesting to note the impact of the lower class sizes on elementary staffing.



Budget Direction



- **Motion approved in 2006-07 to develop strategies to achieve a balanced budget by 2008-09 without reliance upon reserve funds.**

Budget workbook



- **The budget workbook is a mechanism used by the Ministry of Education to analyze allocation and spending trends in school boards and**
- **To present this information to boards to inform their budget development decision-making.**

Budget Workbook



See page 20 of the Budget Letter for the over all analysis of how the \$3.1 million was used to balance last year's budget:

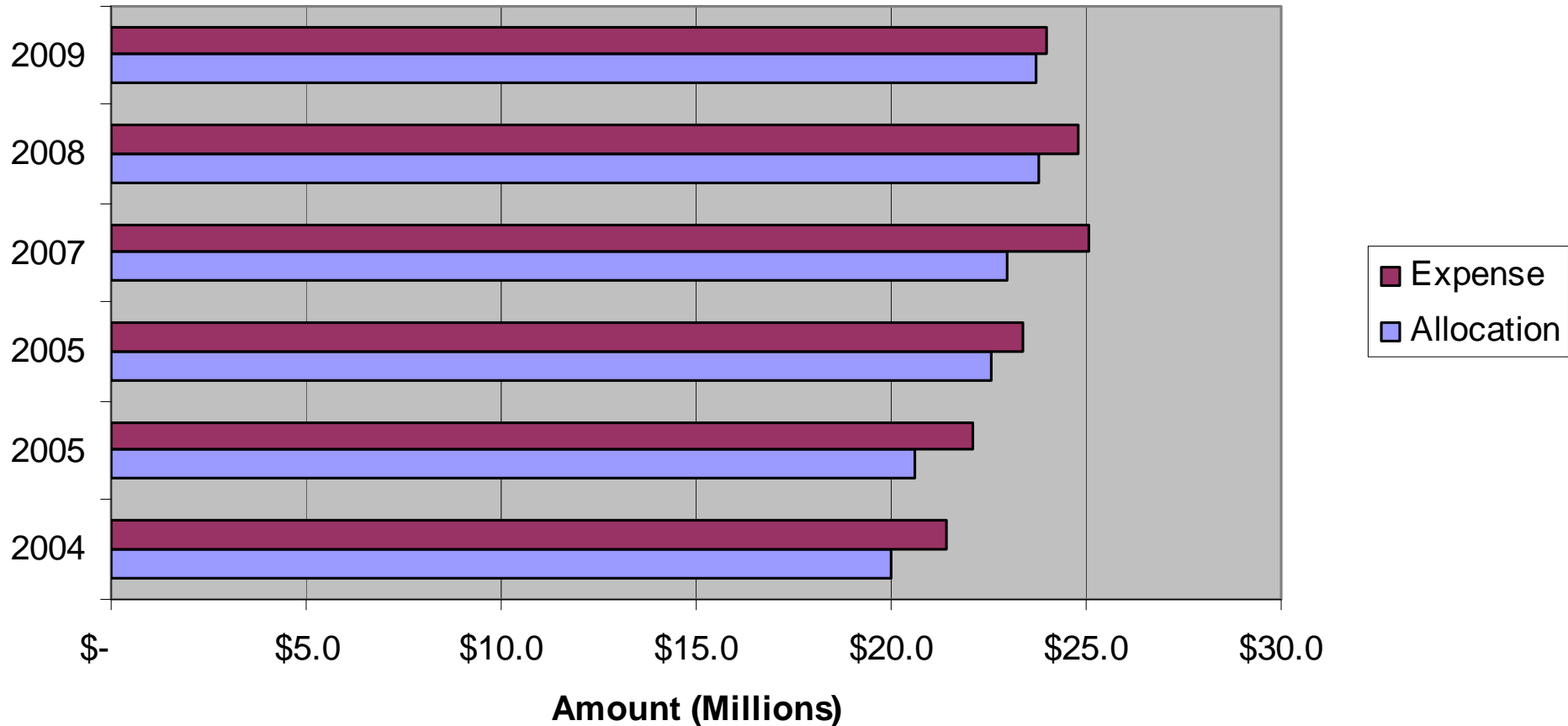
***cost pressures in:
teacher lines,
transportation,
computers,
professionals, paraprofessionals**

Budget Workbook

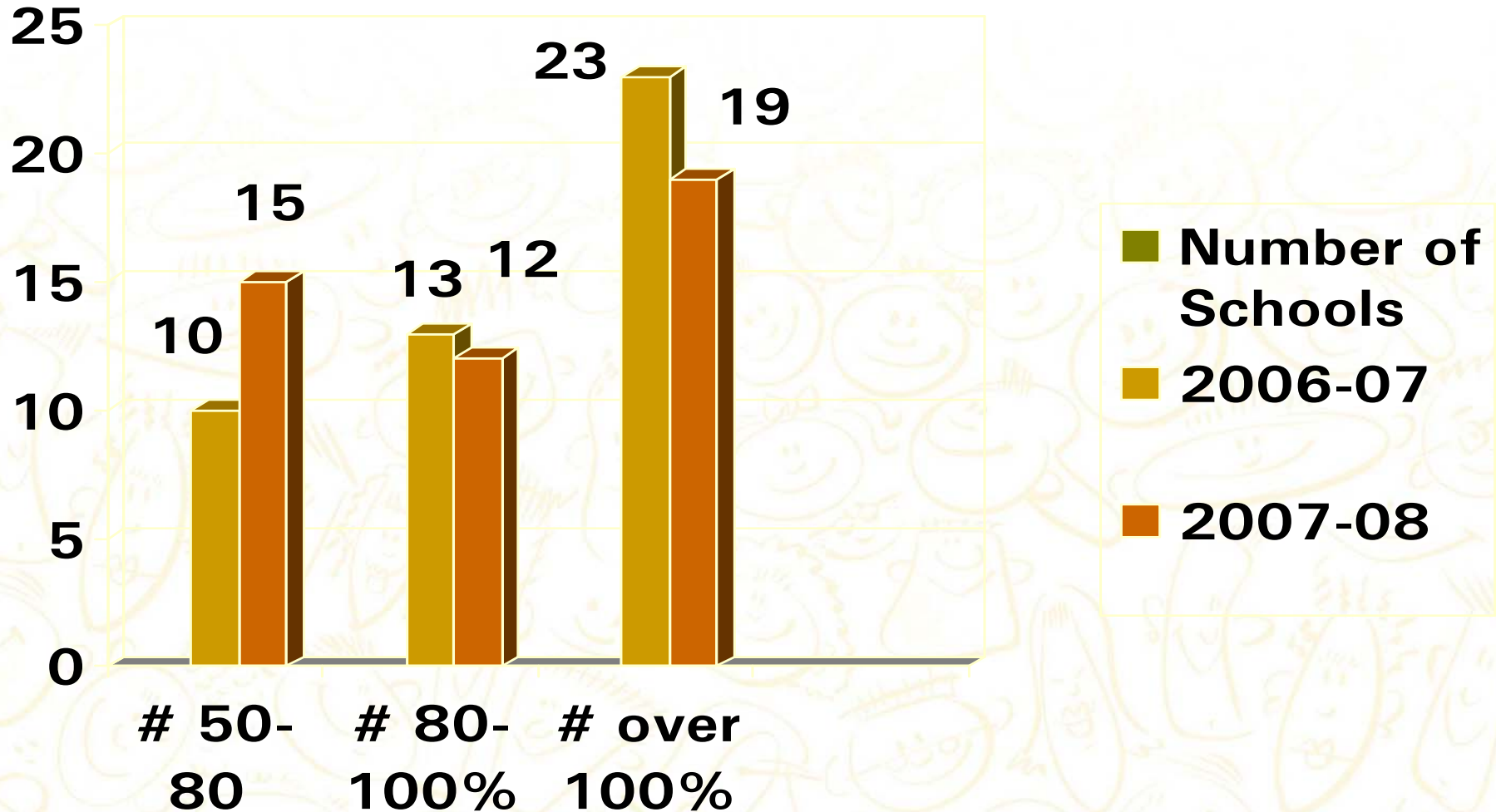


See page 37 of budget letter

Special Ed Historical Spending



School Capacity

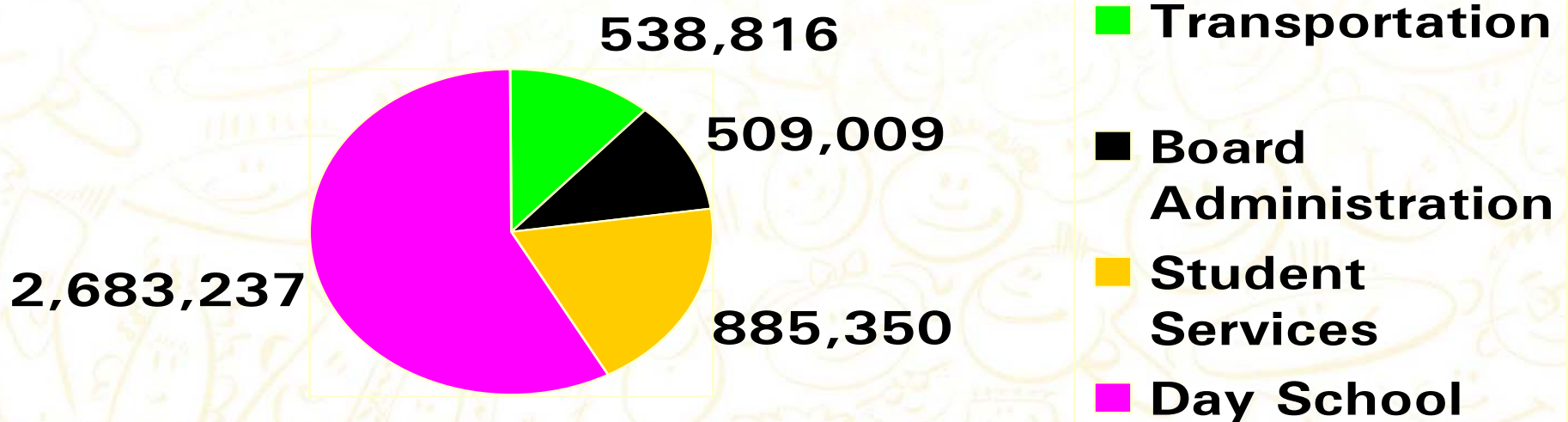


Before we begin the budget...



- Making up for the \$3.1 million in reserves that is no longer available PLUS making up for the...
- Loss of revenue because of a 370 student decline in enrolment....
- This means at least a loss of \$1 million in Foundation Grant. (See page 18 of the budget letter)
- Other grants go down as enrolment declines; for example our Special Education grant declined by approximately \$200,000 while our board administration grant declined by about \$73,000.

Reductions from 07/8 to 08/9



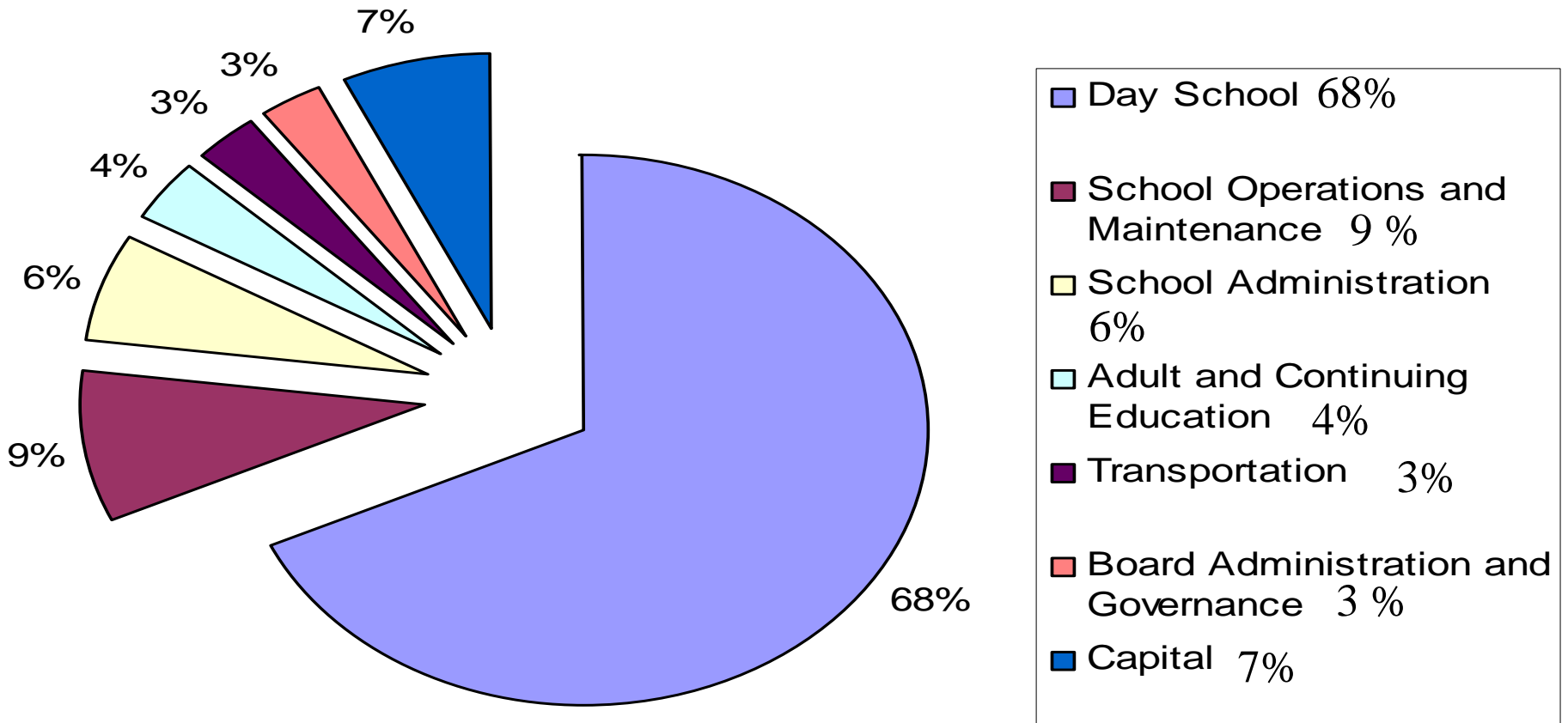
Please see page 21 of the budget letter.

Overall Budget



\$14,936,210 in Capital and \$196,743,712 in Operating = \$211,679,922 total budget

Overall Budget



Capital Budget



Funds from the Capital Budget are used to:

- *Pay the principal & interest on existing debt – the building and renovation of our schools during the 1990's**
- *Pay for new school construction**
- *Pay for renovation to existing schools**
- *See the materials from Dave Bennett on the CD for projects that may flow out of the Accommodation Master Plan –requires board & Ministry approval .**

Use of Reserves



- **Capital reserves used to pay for schools built during the 1990's, early 2000's and for new additions/construction...balance of reserves projected to August 31, 2009**

- **Provide for improved access** **\$165,000**
- **Pupil Accommodation** **\$6.2 million**
- **Disposition of Property** **\$9.1 million**
- **Education Development Charges** **\$600,000**

- **The Minister must give permission to use capital reserves for new projects....new for 2008-09.**

Operational Reserves



- **Board permission required to use**
- **Reserve balanced projected for August 2009:**

■ Working funds	\$1,700,000
■ Classroom	\$0
■ Worker's Compensation	\$787,235
■ Continuing Education	\$185,000
■ Wide Area Network	\$1,300,000

infrastructure

Total projected operational reserve = \$3.9 million

Adult & Continuing Education



- **\$7.5 million or 3.82% of operating**
- **Provides for Adult & Continuing education secondary school credit courses, heritage language, English-As-A Second Language.**
- **Has grown to 13,000 learners at various sites.**
- **Currently undergoing strategic planning to map out the next five to ten years.**

Transportation



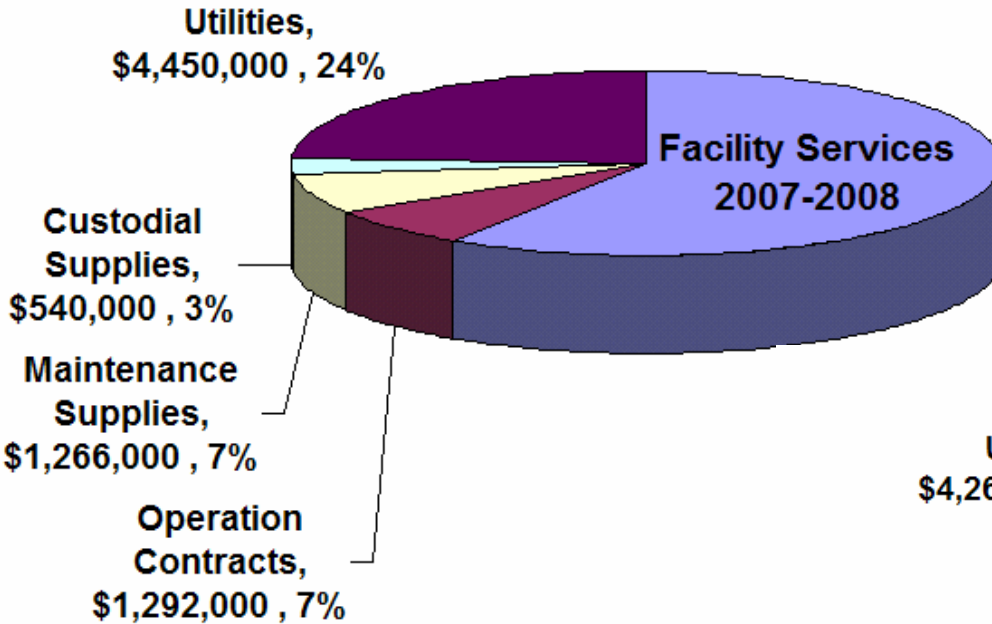
- **\$6.69 million budget or 3.4% of operating.**
- **We are now part of the *Student Transportation Services of Waterloo Region* transportation consortium. Therefore, the \$6.69 million is a straight fee for service.**
- **Last year we expended \$6.9 million on transportation. Savings have resulted from no noon-hour transportation.**

School Operations Allocations

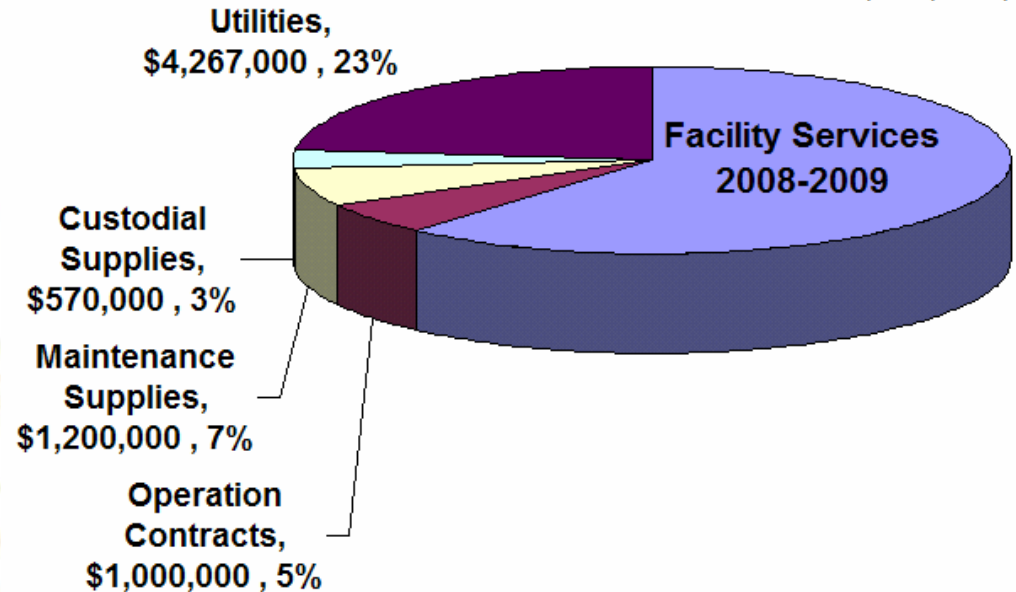


Department Budget
\$18.9 million = 9%
of budget

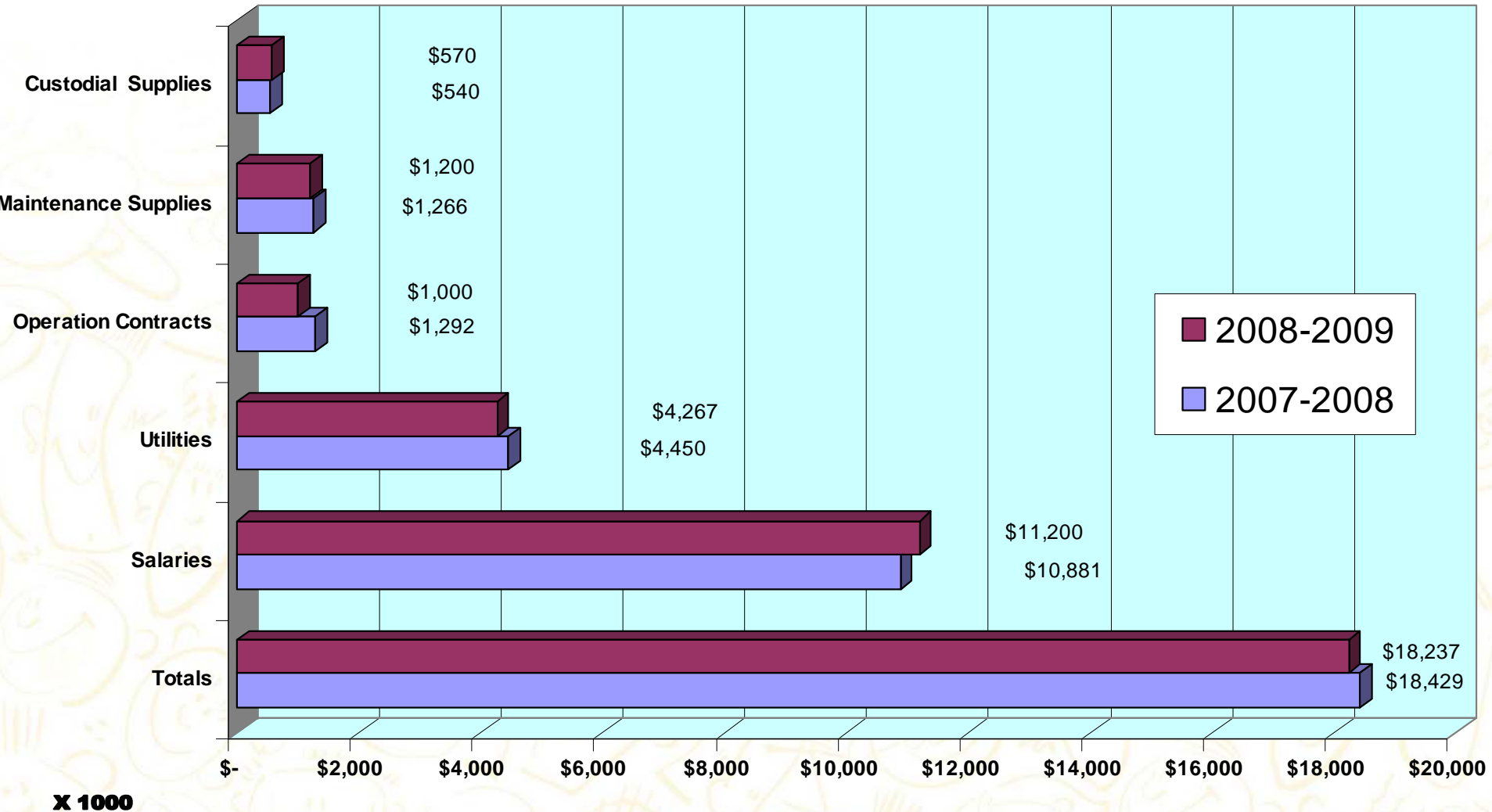
Salaries,
\$10,881,000 , 59%



Salaries,
\$11,200,000 , 62%



Two Year Comparison



School Administration



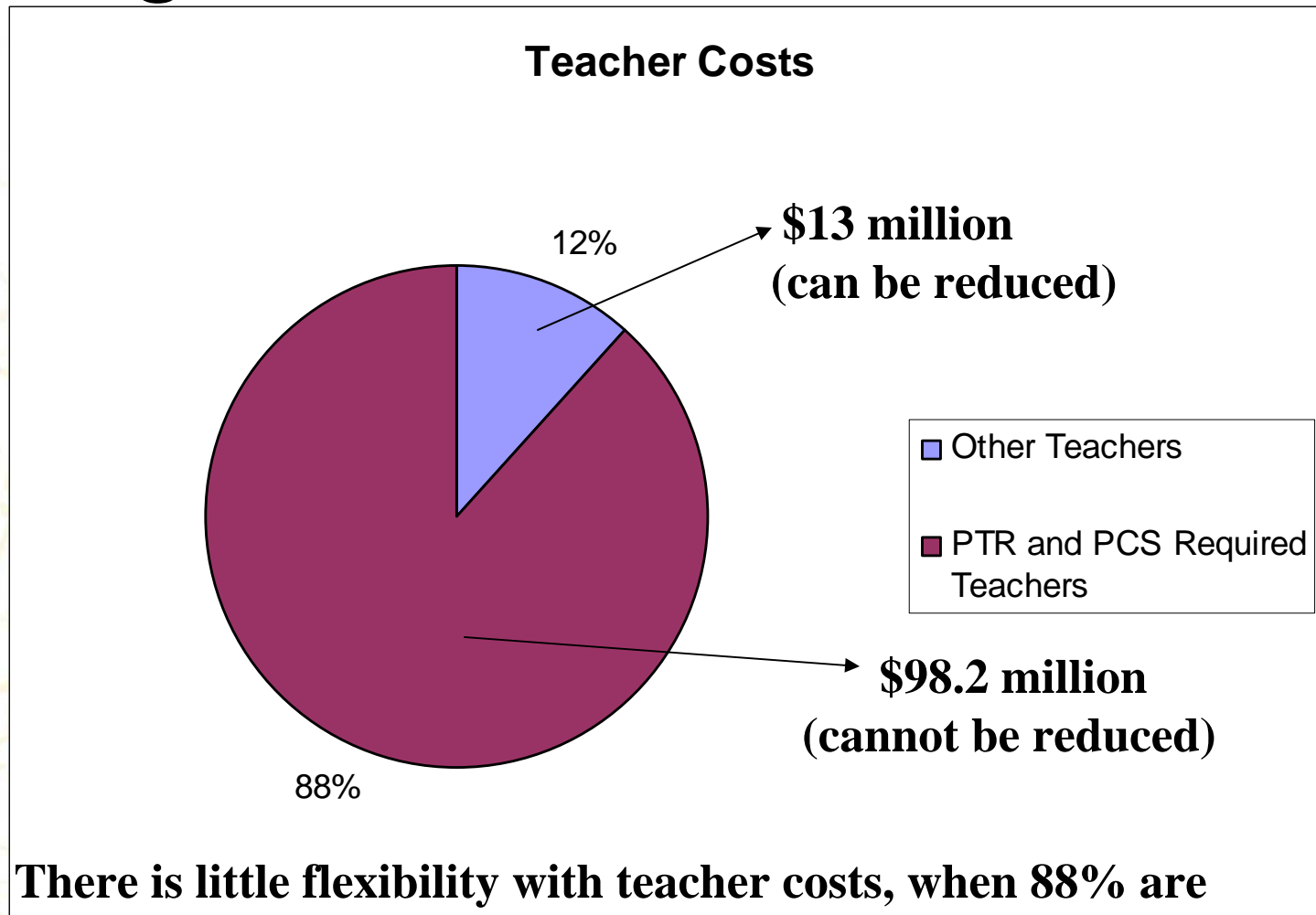
- **\$13.4 million or 6.85% of operating budget**
- **Provides for Principals, Vice-Principals, secretarial support for schools.**
- **97.5% or \$13.1 million is for salary and benefits**
- **\$329,520 or 2.5% is for school telephones, office computers, internet connectivity.**

Day School

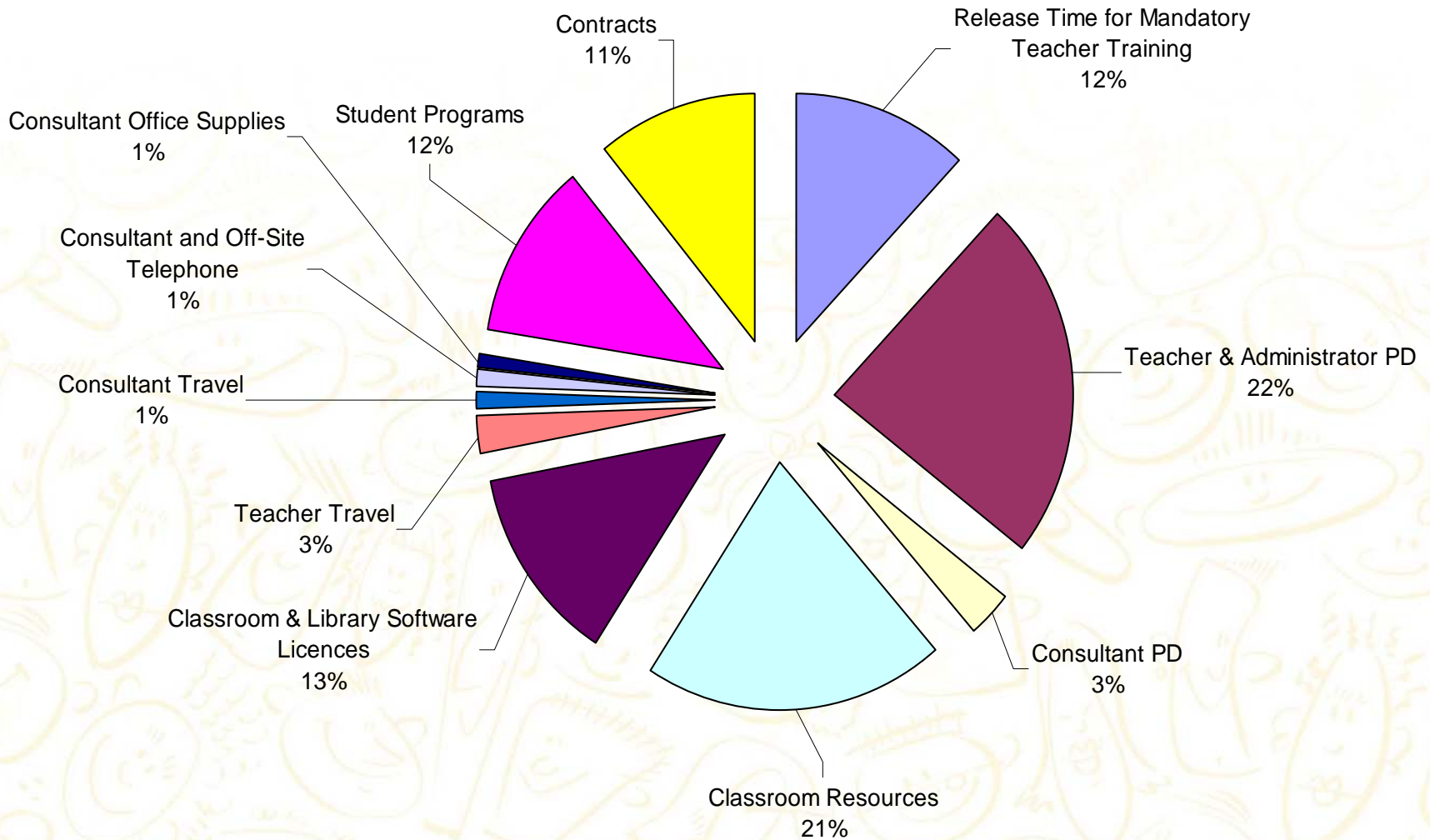


- **\$143.8 million or 73.09% of the operating budget**
- **In the day school section of the budget you will find materials on**
 - **School budgets – principle of equity in elementary schools - \$115/pupil (<300); \$103 (301-399); \$97 over 400; \$179/ secondary student.**
 - **Replacement of equipment –secondary - \$40,000 per year for the Performing Arts; \$160,000 per year for technology.**
 - **Nurturing Our Catholic Community – draft plan.**

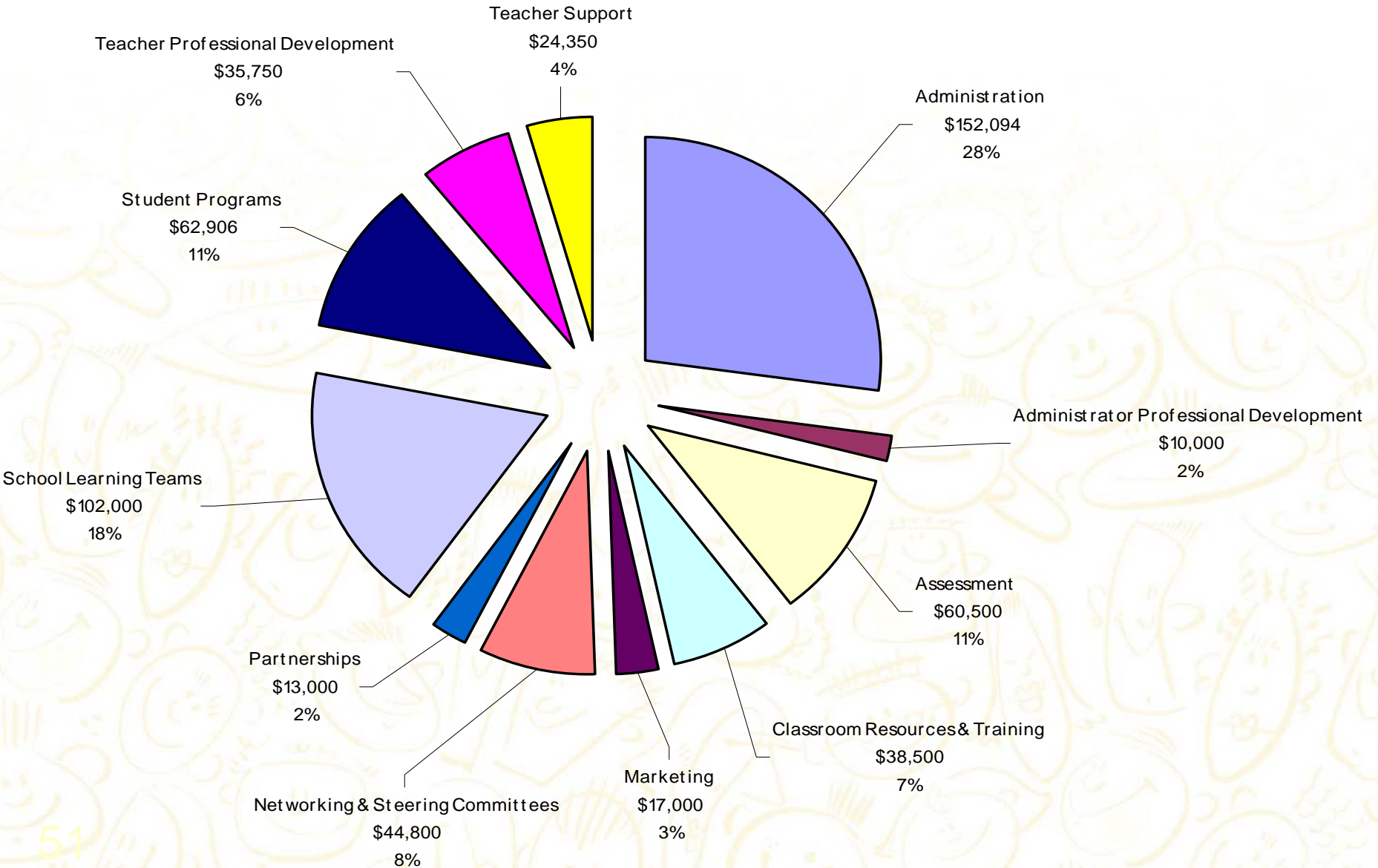
Day School: Fixed & Non-fixed Staffing



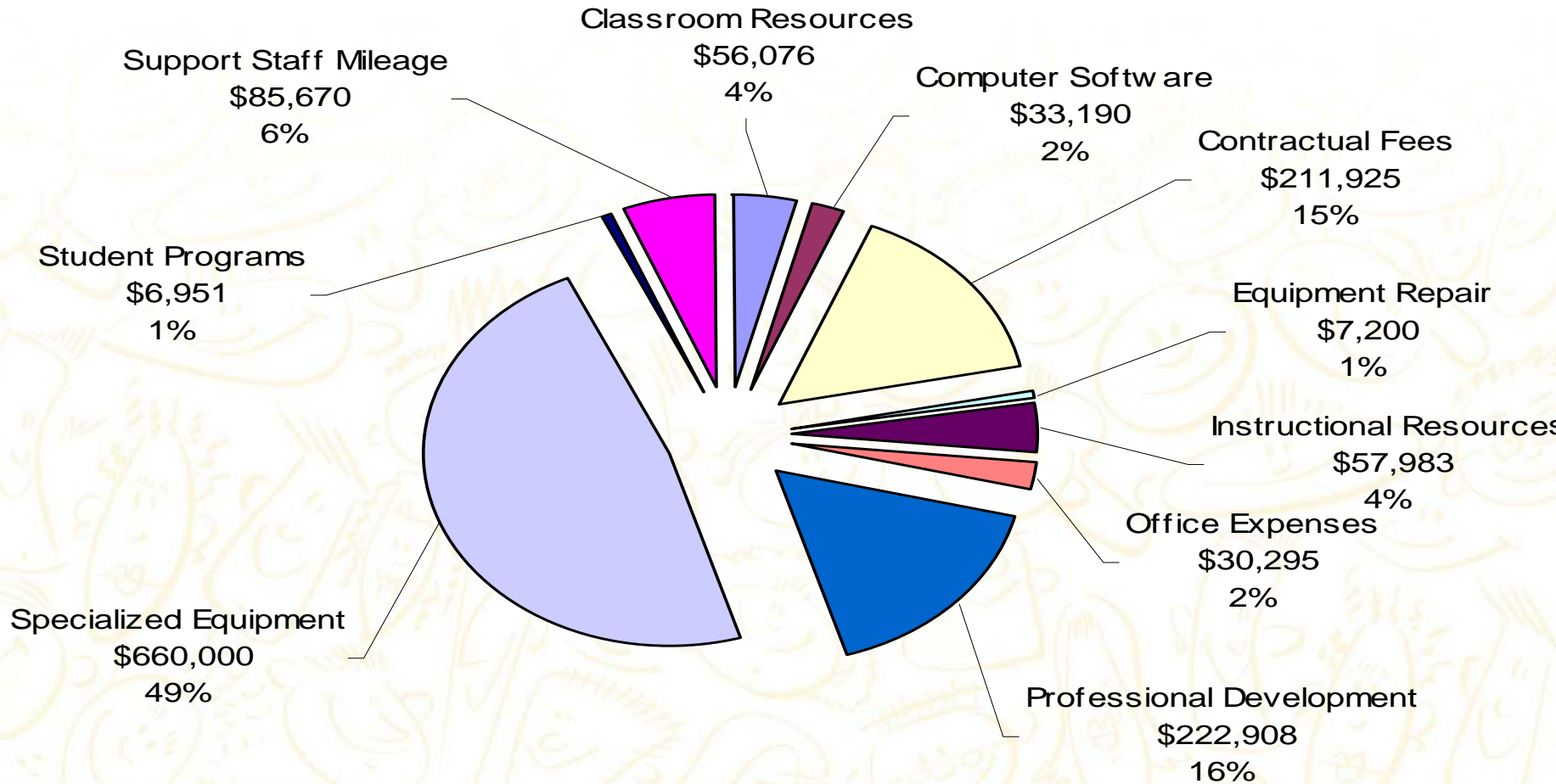
Day School Learning Services



Student Success



Student Services



Board Governance



■ The following has been allocated for governance:

■ Trustee honorarium	\$110,528
■ Trustee development/committees	\$30,000
■ Trustee mileage	\$15,000
■ Phone for Board Chair	\$ 500
■ OCSTA/CCSTA fees	\$75,500

Board Administration



- Provides for operating the Business Services, Human Resource Services and Director's Office.
- Supplies and services **\$510,438**
- Professional Development **\$133,700**
- Fees & Contracts* **\$483,214**
- (*legal, audit, computers)
- There was a reduction in costs in Board admin for 2008-09 which means a surplus of \$152,309 will be transferred to other budget areas such as Special Education which has a deficit of \$338,554 or Day school which has a deficit of \$41,788.