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 CHAIRPERSON: Barbara Holland
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Supervised Meeting Date:
 February 26, 2013

BOARD REPORT

Public **In-Camera**
PRESENTED FOR: Information Approval
PRESENTED BY: Senior Administration
SUBMITTED BY: Paul A. Picard, Director of Education
 Mario Iatonna, Executive Superintendent of Business
SUBJECT: **2013-14 BUDGET SCHEDULE**

RECOMMENDATION:

That the Board receive the report on the 2013-14 Budget Schedule as information.

SYNOPSIS:

In order to provide an orderly process for the preparation of the 2013-14 Budget, a proposed schedule has been developed.

BACKGROUND COMMENTS:

The proposed 2013-14 Budget Schedule is outlined in the attached Appendix A. It includes steps for soliciting input from school councils, committees and the general public.

FINANCIAL IMPACT:

Not applicable.

TIMELINES:

Timelines are noted in the attached Appendix A.

APPENDICES:

Appendix A: WECDSB 2013-14 Budget Process

REPORT REVIEWED BY:

<input checked="" type="checkbox"/>	EXECUTIVE COUNCIL:	Review Date:	February 19, 2013
<input checked="" type="checkbox"/>	EXECUTIVE SUPERINTENDENT:	Approval Date:	February 19, 2013
<input checked="" type="checkbox"/>	DIRECTOR OF EDUCATION:	Approval Date:	February 19, 2013



APPENDIX A

WECDSB 2013-14 Budget Process

This document is meant to outline the annual budget process, along with general timelines for development of the operating and capital budgets.

Summary: Key Budget Stages and Activities

Step	Key Budget Stage	Key Budget Activity	Deliverable(s)	Responsible for Completion	Approximate Date
1	Plan	Proposed budget timelines developed by Finance and communicated to all departments.	(1) Budget Timeline (2) Presentation at a Delegation Meeting	Finance	Feb 26
2	Forecast	Enrolment forecast prepared by Human Resources and signed off by Executive Council. Forecast of staffing begins.	(1) Enrolment Forecast	Human Resources	Jan 14 – Feb 25 (6 weeks)
3	Forecast	Preliminary funding forecast prepared by Finance. Communication of anticipated budget challenges based on forecast.	(1) Preliminary Funding Forecast (2) Presentation at a Delegation Meeting	Finance	(1) Feb 25 – Mar 7 (2 weeks) (2) Mar 26
4	Budget	Allocation of budget envelopes (salaries/benefits, departments, schools) prepared by Finance.	Preliminary Funding Forecast broken out by envelope with explanations	Finance	Mar 8
5	Budget	Preparation of departmental budgets, central school budget allocations and salary and benefits budget development.	(1) Departmental & School Budgets (2) Preliminary Staff Allocation Forecast (3) Salary & Benefits Budget	(1) All Operating Departments (2) HR (3) Finance	(1) Mar 11 – Mar 28 (3 weeks) (2) Mar 28 (3) Apr 2 - Apr 10 (1 week)
6	Budget	Budget consolidation prepared by Finance.	Consolidated Draft Budget	Finance	Mar 28 – Apr 11



Step	Key Budget Stage	Key Budget Activity	Deliverable(s)	Responsible for Completion	Approximate Date
7	Revise	Update report and draft budget tabled with Ministry Supervisor, including potential alternative program delivery options and/or program reductions. EFIS is populated and updated to reflect GSN announcements.	(1) Draft Budget with pressures and reduction options (2) Presentation at a Delegation Meeting	Finance	(1) Apr 11 (2) Apr 23
8	Revise	Ministry Supervisor review phase including preparation of a short-list of budget prioritization alternatives for community input.	Short-list of budget prioritization alternatives to community	Ministry Supervisor	Apr 23 – May 7 (2 weeks)
9	Revise	Community consultation period.	Feedback	Community and Finance	May 7 – May 21 (2 weeks)
10	Revise	Final draft budget documents revised and tabled. EFIS is updated and refined.	(1) Updated budget documents (2) Draft Final Budget tabled with Ministry Supervisor (3) Report & Presentation at a Delegation Meeting	Finance	(1) May 21 – May 28 (1 week) (2) Jun 11 (3) Jun 11
11	Approve	Final Board deliberations and public consultation.	(1) Budget deliberations & public consultation (2) Approved Budget	Ministry Supervisor and Community	(1) Jun 11 – Jun 24 (2 weeks) (2) Jun 24
12	Approve	Final Ministry Supervisor approved budget submitted to Ministry of Education through EFIS.	Submitted Budget	Finance	June 28

GSN = Grants for Student Needs

EFIS = Education Finance Information System



Operating Budget Process

Step 1: Proposed budget timelines developed by Finance and communicated to all departments.

This report is meant to outline the proposed annual budget process for the Ministry Supervisor and all Board budget owners, along with timelines for development of the Operating and Capital Budgets.

Given the Board's budget pressures and declining enrolment, identification of discretionary spending areas is critical to avoid future budget deficits. During the 2012-13 budget development process, Administration categorized budget items on a line-by-line basis as either Discretionary, Discretionary-Traditional, Non-Discretionary and Revenue Neutral. This was done to inform Trustees in their decision making and improve efficiency in the budget development process. Following the classification of budget items, the budget owners then prioritized accounts as a starting point for future budget discussion. This classification and prioritization of accounts conducted in 2012-13 will be relied upon during the 2013-14 budget development process.

Step 2: Enrolment forecast prepared by Human Resources and signed off by Executive Council. Forecast of staffing begins.

Projected enrolment for the following year is a critical point in the budget process. The Human Resources Department is responsible for establishing the following year's enrolment projections based on historical data, updated for current developments. Student Achievement K-12 will be consulted on enrolment projections and will support Human Resources by providing input on elementary school enrolment figures. These projections are conservative and will be reviewed with and approved by Executive Council before departmental funding allocation and staff forecasts can be prepared. Once approved by Executive Council, the enrolment forecast will be provided to Finance and Human Resources will begin development of the staffing forecast.

Step 3: Preliminary funding forecast prepared by Finance and communication of anticipated budget challenges.

Finance will prepare a Preliminary Funding Forecast based on guidance from Ministry B Memos and the Enrolment Forecast. A comparison of the Funding Forecast to the prior year's budget will inform the anticipated Budget challenges for the Board during the coming academic year. When the final Grants for Student Needs (GSN) announcement is made in late March (during Step 5), Finance will revise the funding forecast and budget allocations and communicate any changes to impacted departments.

Step 4: Allocation of budget envelopes (salaries/benefits, departments, schools) prepared by Finance.

Finance will allocate Budget envelopes for salaries/benefits, departments and schools based on the Preliminary Funding Forecast. Included in this allocation will be a breakdown of how allocation amounts were determined.



Step 5: Preparation of departmental budgets, central school budget allocations and salary and benefits budget development.

Once allocations have been communicated by Finance in early March, staff begins to prepare departmental budgets and central school budget allocations.

During this phase a preliminary staffing plan for all categories of employees is prepared. The Business Department is responsible for creating the salaries and benefits budgets while Human Resources is responsible for the staff allocation plan. When the staff allocation plan is complete, Finance will then consult with Human Resources to prepare the associated salary budget. Upon substantial completion of the staffing complement and salaries budget, Business (Payroll Division) will prepare the benefits budget.

Throughout the Budget Development process, Executive Council will be consulted to provide input into the individual budgets.

It is proposed annually that Administration will deliver a balanced budget in compliance with the Education Act, developed based on the following principles:

1. Budget Increase Categories
 - A. Ministry Supervisor Approved Annualizations
 - B. Provincially Negotiated Salary & Wage Increases
 - C. Contractual Obligations
 - D. Legislation Obligations
 - E. Significant Inflationary Pressures

The school board is facing fiscal pressures due to declining enrolment and a corresponding reduced grant revenue. Additionally, many departments have legislative or other restrictions that inhibit achievement of a balanced budget with the same level of program delivery and staffing levels as experienced previously. As a result, Administration will develop potential options for Ministry Supervisor consideration should certain recommendations not be acceptable. The reduction options prepared will exceed the amount required to balance the budget in order to allow some level of flexibility. Budget reduction options will be developed as follows:

2. Budget Reduction Categories
 - F. Line-by-Line Reductions
 - G. Program/Service Level Reductions (Minimal Impact)
 - H. Program/Service Level Reductions (Major Impact)
 - I. Program/Service Level Reductions (Complete Elimination)

The goal is to provide the Ministry Supervisor with the flexibility to achieve a balanced budget in compliance with the Education Act, while maintaining the system priorities of Student Achievement and Faith Development.

Step 6: Budget consolidation and listing of prioritization alternatives prepared by Finance.

After receiving individual departmental Budgets and completing the salary and benefits budget, Finance will consolidate all Budgets and prepare the Draft Budget.



Step 7: Update report and draft budget tabled with Ministry Supervisor, including potential alternative program delivery options and/or program reductions. EFIS is populated and updated to reflect the GSN announcements.

The draft budget and accompanying report prepared at this stage will outline high level budget pressures that are expected in the upcoming fiscal year. Preliminary budget impacts such as declining enrolment, Public Sector Accounting Board (PSAB) impacts to compliance, benefit cost increases, contractual increases and other general inflationary increases will also be identified. Any other budget issues identified during the Administrative budget development phase will also be presented.

The Ministry Supervisor will also receive potential options to consider should certain recommendations not be acceptable. These options will allow the Ministry Supervisor flexibility in achieving a final budget which is consistent with the Board's strategic priorities.

Step 8: Ministry Supervisor review phase including preparation of a short-list of budget prioritization alternatives for community input.

During an approximate two week period the Ministry Supervisor will review the budget issues and prioritization alternatives. The Ministry Supervisor will be asked to indicate which issues he is prepared to recommend, which will then be tabled with the public as a short-list of alternatives. Ministry Supervisor direction as to services to cut to achieve a balanced budget (if applicable) is sought at this time, based on the variety of reduction options identified.

Step 9: Community consultation period.

The Ministry Supervisor will provide the public with the short-list of prioritization alternatives developed in Step 8 for public consultation. Delegates will be able to attend Delegation meetings during this period to provide input to the Ministry Supervisor and Administration (other than for appropriate in-camera matters).

Step 10: Final draft budget documents revised and tabled. EFIS is updated and refined.

Once the Ministry Supervisor and the public have reviewed the issues and made their recommendations, Finance will update the budget documents to include the recommendation for the tabling of the budget. The final draft budget will be tabled for two weeks for the general public, various stakeholders and the Board.

Step 11: Final Board deliberations and public consultation.

The proposed timelines allow for Board budget deliberations and approval to occur at the beginning of June, allowing time for any subsequent revisions required based on discussions. Final budget deliberations will include early public input so that the Ministry Supervisor may make timely decisions regarding final budget revisions and approval.

Step 12: Final Ministry Supervisor Approved Budget submitted to Ministry of Education through EFIS.

EFIS will be finalized and submitted to the Ministry of Education by the required deadline of June 28, 2013.



Capital Budget Process

The Capital Budget will be prepared by Finance through consultation with Facilities and Information Technology (I.T.). Facilities and I.T. will determine the Board's future capital needs. These will inform the Capital Budget Development for the coming school year.

It is important to note that there is typically very little additional funding available for the annual capital budgets and that the projects in the Capital Plan must remain in balance to the projected funding.

Requested projects from departments and schools will need to be prioritized along with a detailed project description with the requested budget. Administration will review the requests and recommendations will be put forward to balance the projects to available funding. The recommendations will be based on departmental priorities taking into account asset management principles, previous funding allocations, and Board priorities.

There will be a portion of the funding for each year of the capital budget that is left unallocated to allow for some level of flexibility in future years to address changing priorities, unanticipated projects and/or changes to currently approved capital projects.

Unsupported Debt Reduction

The Debt Reduction Plan will be updated and included in the annual budget documents. The revised plan will outline the projected debt over the next 5 years, along with how the debt payments will be funded.

Staff Budget Workgroup

To better facilitate the Budget process and improve communication between departments, Administration has established a Staff Budget Workgroup comprised of Management representatives from each department. The Staff Budget Workgroup will meet weekly throughout the development cycle to discuss progress for each department and address any issues on a timely basis. This multidisciplinary team will allow the Board to take a holistic view to budget development and consider the unique needs and competencies of each department.

Competing Priorities

The budget schedule as identified above is aggressive. It is important to note that in each year, there are other significant initiatives currently underway at the Board that may impact the timelines. *The budget timelines are very tight and any changes or delays that impact the critical path of the process will result in the final budget date being postponed (resulting in significant financial penalties imposed by the Ministry of Education), or will significantly compromise the integrity of the steps inherent in the process.*



Budget Issues Categories & Definitions

Increase Categories

A. Annualizations (of previous Board Decision)

Increases to the operating budget resulting from service level changes that have been quantified and approved by the Board outside of the normal annual budget process which have an impact on future year's operating budgets and are supported by a Board Resolution.

B. Provincially Negotiated Salary & Wage Increases

Increases to the operating budget associated with salaries and wages stipulated within collective agreements.

C. Contractual Obligations

Increases to the operating budget that have been quantified and approved within a written contract / agreement, and include escalation clauses requiring additional funding. Copies of contract / agreement required.

D. Legislated Obligations

Increases to the operating budget in which there is no discretion as the Board is obligated through Federal / Provincial legislation to provide the service/program at a prescribed level as set out in the legislation.

E. Significant Inflationary Pressures

Increases to the operating budget resulting from corporately established levels and rates of inflation on specified expenditure line items. Typical items in this category include Insurance, Fuel and Utilities.

Reduction Categories

F. Line-By-Line Reductions

Reductions to the operating budget resulting from a line-by-line review of all departmental accounts in an effort to identify internal savings and efficiencies.

G. Service Level Reductions (Minimal Impact)

Reductions to the operating budget resulting in little or no impact on the department's existing level of program/service delivery as approved by the Ministry Supervisor.

H. Service Level Reductions (Major Impact)

Reductions to the operating budget resulting in significant changes to the department's existing level of program/service delivery as approved by the Ministry Supervisor.

I. Service Level Reductions (Complete Elimination)

Reductions to the operating budget resulting in a complete elimination of an existing program/service provided by the department as approved by the Ministry Supervisor.