



Report to Committee of the Whole

June 13, 2018

Subject: 2018-19 Budget Recommendations

Recommendation

That the Waterloo Region District School Board (Board) approve the budget as presented in this report—with revenues of \$774,593,663 and expenses of \$768,132,193 with the difference of \$6,461,470 attributed as follows:

Excess of Revenue over Expenditures *\$6,461,470*

LESS:

As required by Ministry of Education (Ministry) budget compliance regulations, this budget includes the following appropriations of accumulated surplus:

Increase/ (Decrease) in Unavailable for Compliance - Accumulated Surplus

- PSAB Adjustment for Interest Accrual* *(37,846)*
 - Revenues recognized for Land* *9,651,943*
- \$9,614,097*

SUB-TOTAL – (Deficit) for Compliance before additional appropriations *\$3,152,627*

LESS:

Increase/ (Decrease) in Internally Appropriated - Accumulated Surplus

- In-Year Committed Capital Projects*
 - Amortization of committed capital projects* *(563,862)*
 - Education Centre Maintenance* *710,000*
 - Capital Projects– funded from prior years surplus* *4,120,000*
 - New Initiatives (per Appendix E)* *(7,497,100)*
 - To be offset in future years by Sinking Fund Interest earned* *78,335*
- (\$3,152,627)*

Difference *\$0*

Status

The development of the Waterloo Region District School Board's (Board's) operating budget includes many underlying assumptions which, over the course of a school year, can change. The process used in the development of the annual operating budget for the Board has evolved over the years but the underlying factors that influence its development continue to be:

- Ministry funding and directives;
- The Board's underlying financial position (accumulated surplus/ deficit); and,
- The Board's [strategic plan and operational goals](#)

The [2018-2019 GSN](#) and related [EPO Grants](#) were announced to the sector on March 26, 2018; subsequently, the [GSN Technical paper](#) was released to the sector on April 27, 2018. Both pieces of information are critical to the development of the Board's budget. Although the associated regulations were enacted by the Lieutenant Governor in Council, the 41st Parliament has been dissolved and the election of the 42nd parliament may affect the investments, reforms and changes previously announced. As such, the budget being presented is based on the best information available at this time.

A thorough analysis was led by Financial Services and supported by other departments to ensure spending trends were analyzed and the appropriate adjustments were made to base budget. Despite increasing costs and changes to GSN funding, the Board is well positioned to address fiscal challenges which may arise over the coming year. In summary, the budget is balanced, complies with provincial legislation and will help ensure the long term financial sustainability of the Board. Additionally, it provides funding for new initiatives to continue to move the Board forward in achieving its [strategic priorities and operational goals](#).

Revenues

Although the 2018-19 GSN was announced on March 26, 2018, mid-year adjustments may be required due to changes in Government priorities and funding decisions. Key drivers of our revenue forecast for the 2018-19 school year are as follows:

- Student Enrolment
 - Year-over-Year Change: Total enrolment is projected to be higher than the 2017-18 budget forecast by 1,064 students, or 1.69% of total enrolment. Most of this increase is attributable to the elementary panel, however we are beginning to experience an upward trend in secondary which is a reversal from the decline experienced over the past few years. The financial impact of this increase in enrolment is estimated to be \$10.5M for 2018-19.
 - Impact: Student enrolment is the primary driver of funding through the Grants for Student Needs (GSN). An increase in our student enrolment enhances our funding through the Pupil Foundation Grant (primarily), as well as other supporting grants.
 - Reference: Additional information related to student enrolment, including historical and multi-year forecasts, is provided in [Appendix A](#).

- Salary Benchmarks
 - Year-over-Year Change: As a result of centrally negotiated labour agreements, the ministry is providing a 1.5 per cent increase to salary benchmarks within the GSN; this equates to approximately \$9.3M in additional funding for the Board.
 - Impact: Given that staff salaries and benefits represent roughly 82.5% of total operating expenditures, a 1.5 per cent increase represents a material change in funding. However, the net effect to the Board is largely neutral, given that any increases in funding are passed on in accordance with the labour agreements that have been negotiated. The current labour agreements expire on August 31, 2019, and this introduces a level of uncertainty as we approach the sunset date of these agreements.
 - Reference: The impact of salary benchmark increases are reflected in the revenue amounts outlined in [Appendix B](#); in particular, the pupil foundation grant and school foundation grant are most heavily impacted by the increase.
- Non-salary Benchmark Increases (Transportation, Utilities)
 - Year-over-Year Change: Funding to support student transportation and the non-salary components of school operations (utilities) are increasing by 4% and 2% respectively.
 - Impact: The costs associated with student transportation and utilities continue to rise as upward pressure on commodity prices and salaries for school bus drivers get passed along to boards. The ministry has updated these benchmarks to assist school boards in managing the increases, resulting in an investment of \$46M across the province for 2018-19. The Board's student transportation grant is projected to increase by \$0.9M for 2018-19, and approximately \$0.6M of that amount is attributable to the 4% benchmark increase. Alternatively, the school operations allocation is projected to increase by \$1.9M in total, but there are a variety of factors beyond the 2% non-salary component (e.g. enrolment, on-the-ground capacity, age of facilities) which contribute to this and staff are unable to isolate the impact of the 2% non-salary component.
 - Reference: The non-salary benchmark increases are reflected in the revenue amounts outlined in [Appendix B](#).
- Special Education Allocation:
 - Year-over-Year Change: Funding through the Special Education Allocation is projected to increase by \$2.7M, or 3.2%.
 - Impact: The Special Education Allocation provides boards with funding for programs, services, and/or equipment for students with special education needs. This allocation is "enveloped" by the Ministry, meaning that boards may only use the grant for special education, and must set aside any unspent funding to use for special education in a future school year. For the 2018-19 school year, the increase in special education funding will support the hiring of multi-disciplinary teams, as well as enhanced Applied Behaviour Analysis (ABA) training to build our capacity in this area.

- Reference: The increase in the special education allocation is reflected in the revenue amounts outlined in [Appendix B](#).
- School Board Administration and Governance Grant (BAGG)
 - Year-over-Year Change: The school board administration and governance grant is projected to increase by \$1.3M, or 7.84%, in 2018-19.
 - Impact: This grant provides funding for board administration and governance costs, including trustee compensation, parent engagement, board-level staff, offices and facilities. For the 2018-19 school year the Ministry has introduced the Program Leadership Allocation as a component of the BAGG; this allocation provides funding for six lead positions that were previously funded through other allocations within the GSN, as well as funding outside the GSN. This allocation, which is projected to be \$0.9M, accounts for a significant component of the increase noted above. Other factors contributing to the increase include enhancements to trustee honorariums, student enrolment and changes to salary benchmarks.
 - Reference: The increase in the school board administration and governance allocation is reflected in the revenue amounts outlined in [Appendix B](#). Additional information related to the Program Leadership Allocation is available in [Ministry Memorandum 2018:B06](#).

In summary, total revenues are forecast to be \$774,593,663, which is an increase of \$22.8M, or 3.04%, compared to the 2017-18 budget. A year over year comparison of all grant allocations is provided in [Appendix B](#).

Expenditures

Our fiscal strategy continues to be one of stabilization through the matching of our expenses to the available revenue on an annual basis. When a change to funding is announced, offsetting expense adjustments are made whenever possible. Key components of our expenditure forecast for the 2018-19 school include:

- Instructional Salaries and Benefits
 - Year-over-Year Change: Total expenditures on salaries and benefits for instructional staff (Principals and Vice-Principals, Classroom Teachers, Early Childhood Educators, Library and Guidance, Educational Assistants, Professionals and Paraprofessionals) are forecast to increase by \$20.4M, or 3.69%.
 - Impact: As noted above, staff salaries and benefits represent the single largest expenditure item for the Board. The increase noted above is the result of a variety of factors including negotiated salary increases, the hiring of additional staff (instructional) and movement through the salary grid for all groups.
 - Reference: Instructional salary and benefit costs are outlined in [Appendix C](#).
- Administration and Governance

- Year-over-Year Change: Total expenditures on school board administration and governance are projected to increase by \$1.2M, or 6.83%.
- Impact: The increase in expenditures is attributable to salary and benefit increases for central staff (negotiated), fees and contracts, travel and professional development amounts and the addition of new positions which are discussed below in the [board priorities and new initiatives](#) section of this report.
- Reference: The expense related to school board administration and governance is provided in [Appendix C](#).
- Supply Staff (Teachers, DECEs, EAs)
 - Year-over-Year Change: Total expenditures on supply staff are projected to be \$2.5M higher than the 2017-18 budget forecast, an increase of 13.3%. This increase is consistent with the upward trend in supply costs which we have identified over the past number of years.
 - Impact: Supply costs continue to be a significant cost pressure for the Board, and were identified by the Auditor General's Office in its [2017 Annual Report](#) as a challenge across the Province. For the 2018-19 school year, Human Resource Services will implement measures to reduce fail-to-fill scenarios that arise in schools as a result of absenteeism.
 - Reference: While not explicitly identified in the table, the expense related to supply costs is included in the figures provided in [Appendix C](#) (classroom instruction).
- Student Transportation
 - Year-over-Year Change: Expenditures are projected to be \$1.0M higher than the 2017-18 budget forecast, an increase of 6.04%.
 - Impact: The primary drivers of the year-over-year change noted above are contractual increases for operators, additional routes required to support our student population, an increase in special education transportation costs and enhancements to base salaries for school bus drivers; the latter of which was highlighted for Trustees as part of the [2017-18 Quarter 2 Interim Financial Report](#).
 - Reference: The expense related to student transportation is outlined in [Appendix C](#).

In summary, total expenditures are forecast to be \$768,132,193, which is an increase of \$27.8M, or 3.75%, compared to the 2017-18 budget. A year over year comparison of expenditures, by Ministry reporting category, is provided in [Appendix C](#).

Targeted Ministry Investments

As the sole funding agent of Education in Ontario, the Ministry of Education annually identifies and allocates funding for key priorities that align with its vision for education in Ontario. The details of this vision are outlined in the document "[Achieving Excellence: A Renewed Vision for Education in Ontario](#)". For the 2018-19 school year, a number of targeted investments have been made by the Ministry; while some are new for the

2018-19 school year, others (class size reductions) continue previously announced programs. In almost all cases, the funding the Board receives for these initiatives is enveloped, meaning that the Ministry has restricted what these funds can be used for. The key Ministry investments for 2018-19 include:

- Special Education- The ministry is investing nearly \$300M over the next three school years to provide school boards with funding to address current waitlists for special education assessments and increase programs and services for students with special education needs. Funding is being provided to support a multi-disciplinary team for all boards to build board capacity and help teachers, educational assistants, and other staff better understand and respond to the unique needs of their students. The multi-disciplinary team members should reflect local need, and could include any combination of a psychologist, behavioural specialist, speech-language pathologist, registered social worker, or a person in a position that requires similar qualifications.
 - Implementation: For the 2018-19 school year, the Waterloo Region District Board will utilize these funds to establish a multi-disciplinary team consisting of a Psychologist (1), Speech Pathologist (1), Applied Behavior Analysis (ABA) Facilitators (2), Communication Disorder Assistants (2), Child and Youth Workers (2) and Educational Assistants (5.5). This team (13.5) will focus on supporting student needs by completing formal assessments, providing consultation to school staff, supporting the implementation of ABA strategies in classrooms, working directly with students in their learning environment and leading professional development and training.
- Mental Health Workers in Schools- Beginning in 2018-19, the ministry will provide a \$24.5M investment to support approximately 180 new mental health workers in secondary schools, growing to \$49.5M to support approximately 400 new workers in secondary schools in the 2019-20 school year. The investment will also include annual base funding of \$50,000 for all school boards with secondary schools to assist province-wide research and evaluation of the new supports.
 - Implementation: For the 2018-19 school year, the Waterloo Region District Board will utilize these funds to hire additional social workers (4) to support students in our secondary schools.
- Guidance Teachers- To prepare students for success in high school and beyond, the ministry is investing more than \$140M over the next three years to support more than 450 additional teachers who will help Grade 7 and 8 students make successful academic transitions and engage in career and pathways planning. This targeted investment in Grades 7 and 8 will support teachers to:
 - prepare students for their academic transition to high school,
 - engage students in experiential learning that provides exposure to role models and positive examples of a diversity of careers, and
 - encourage high expectations for all students and facilitate exploration of all pathways options.

- Implementation: For the 2018-19 school year, the Waterloo Region District Board will utilize these funds to hire additional guidance teachers (15) to support students in grades 7 and 8.
- Class Size Investments- In 2017–18, the government made a commitment to invest in reducing large classes in full-day kindergarten and Grades 4 to 8 to advance student achievement and wellbeing. For the 2018-19 school year, per pupil funding benchmarks have been adjusted to further reduce average class sizes.
 - Implementation: For the 2018-19 school year, approximately 17 additional teaching staff have been hired to ensure the Board meets its class size obligations.
- Local Priorities Funding- The ministry established a Local Priorities Fund (LPF) in 2017–18 to address a range of local priorities and needs. The allocation of these funds will vary depending on specific agreements, local discussions and compensation specific to each board, as well as job security provisions, staffing reductions related to declining enrolment and other exceptions. In 2018-19, the Provincial LPF amount is \$235M and LPF requirements continue to be in effect, as per the extension agreements.
 - Implementation: As a result of discussions with our labour partners, LPF funds (\$6.5M) will continue to be directed towards local priorities in 2018-19, which include additional staffing and professional development for existing employees.

Base Budget Enhancements

As our system continues to grow, there's a need for ongoing base budget enhancements in order to sustain the high levels of service and support we have always provided to our students, staff and community. The following items represent some of the key base budget enhancements that have been included for 2018-19; these investments will help further support the achievement of the Board's [strategic priorities and operational goals](#).

- Vice Principals
 - An additional 5.0 FTE have been added to base budget for the 2018-19 school year; 4.0 in the elementary panel and 1.0 in the secondary panel. These resources are needed in order to help manage the increase in enrolment across the system, as well address concerns regarding work intensification for school administrators.
 - Addition to base budget: \$605,200
- Educational Assistants (ESL/ ELD Program)
 - In response to the increase in the number of students within our system that require ESL/ELD supports, 4.5 FTE have been added to base budget for the 2018-19 school year. These additional staff will directly support secondary students in the ESL/ELD program.
 - Since 2015-16, the number of students in our Board that qualify for ESL/ELD funding has increased by 1,361 students, or 72.7%. Over the same period, the number of ESL teachers has increased from 20.5 FTE to 40.7 FTE in 2018-19; the number of Educational Assistants available to support the ESL/ELD program has also increased from 8.9 to 19.0 FTE in 2018-19.
 - Addition to base budget: \$255,800
- Alternative Education (Social Work Support)
 - An additional 2 Social Workers have been added to base budget to provide direct support to students that demonstrate elevated risks of not graduating (e.g. chronic disengagement, mental illness, addictions). These staff will support students in their educational journey and provide guidance to them as they reintegrate into home school programming.
 - Addition to base budget: \$219,400
- Behaviour Management System Training
 - The additional funding that has been added to base budget will support the development and implementation of a training plan for Behaviour Management Systems. This program will include awareness training for all employees and more extensive training for staff working in situations where escalated student behavior may occur. Staff who are members of their site-based Emergency Response Team will also receive the extensive training.
 - This initiative responds to concerns raised throughout the 2017-18 school year regarding violence in the workplace, and the impact this is having on staff and students alike. In addition to the efforts outlined above, staff are awaiting further direction and support from the ministry on this issue.
 - Addition to base budget: \$260,000

- Support Staff- Central Administration
 - As our system continues to grow, the number of central support staff needed to maintain service levels and address changes in legislative or regulatory requirements must also scale. The following new positions have been added to base budget for 2018-19; the expenditures associated with these positions are within the limits of the Board Administration and Governance Grant (BAGG), which restricts spending on central support staff.

<u>Department</u>	<u>Position</u>
Communications	Communications Officer
Financial Services	Accounting Officer
Human Resource Services	Equity Officer
Human Resource Services	Manager
Human Resource Services	Employee and Labour Relations Officer
Human Resource Services	Seconded Administrator (2)

- The 2018-19 GSN continues to flow funding through the Human Resources Supplement. This funding will be used to offset the cost of the seconded administrators identified above.
 - Addition to base budget: \$610,600 (net of HR supplement)
- Disaster Recovery (DR) Plan
 - This project will assess the current on premise information technology (IT) environment and determine the feasibility of cloud based disaster recovery solution. The scope of the project includes defining a DR governance framework, provisioning a recovery site, implementing proof of concept, training staff and completing a DR exercise.
 - A recent audit of the DR process within Information Technology Services (ITS) identified a need for the board to have a formal disaster recovery plan. The findings of this audit, which was led by the Regional Internal Audit Team (RIAT) in conjunction with Deloitte LLP, were presented to the Board Audit Committee on May 30, 2018.
 - Addition to base budget: \$236,000
- Human Resources Information System
 - The Waterloo Region District School Board is the largest employer in the Region with a staff compliment of approximately 8,200. As such, the stability and functionality of our Human Resources Information System (HRIS) underpins the effectiveness and efficiency with which we can provide service to our staff, fulfill legislative and regulatory reporting requirements and integrate HRIS data into supporting systems.
 - The current HRIS system, Integrated Personnel Payroll System (IPPS), will no longer be supported in an Oracle environment

beyond September 2018. Human Resource Services has also determined that the existing system does not offer the functionality and performance that is necessary to support an organization our size. The identified funding will initiate a process to replace the current system, including the development of a comprehensive scope of work and project plan. Our strategy is to engage external consultants to assist in the early stages of this project and staff will return to the Board with an in-year proposal to upgrade the system. The full cost of this project (including software and implementation resources) is expected to cost approximately \$2.0M.

- Addition to base budget: \$150,000

New Initiatives

A critical component of the budget process is the identification of new initiatives that align with system objectives, and in particular, the strategic priorities established by the Board. The following new initiatives, totaling \$7,497,100, have been recommended by Coordinating Council for inclusion in the 2018-19 budget. These initiatives will be funded from accumulated surplus and meet the definition of “one time” investments.

- Capital Improvements for Staff and Student Well-being
 - This project will improve learning conditions for students in some of our lowest socio-economic schools and remove outliers from our portfolio of schools. The plan is to install air conditioning (AC) in six schools and add a gymnasium to a seventh. The schools identified are:
 - Howard Robertson (AC), Forest Hill (AC), Rockway (AC), Wilson Avenue (AC), Queen Elizabeth (AC), J.F. Carmichael (AC), Manchester (Gym)

This initiative supports [Student and Staff Well-being](#), which is one of the operational goals identified in the Board’s [Strategic Plan](#). This initiative also acts upon feedback received through the Budget survey, the results of which have been shared with trustees.

- One-time expenditure: \$4,120,000
- Collaborative Furniture for Secondary Schools
 - This project will address the limitations that secured chair-to-desk furniture is creating in our secondary mathematics classrooms and will support our efforts to improve mathematics instruction from K-12. Secondary teachers are learning new effective pedagogical and assessment practices that encourage student to student and teacher to student collaboration; in the absence of furniture that supports these interactions, teachers and students are reverting back to traditional approaches.
 - A minimum of 10 classrooms per secondary school will be outfitted with new furniture as a result of this initiative.

This initiative supports the achievement of our [Mathematics](#) operational goal, which is identified in the Board’s [Strategic Plan](#). This initiative will also allow other subject areas to be timetabled in the new flexible furniture

mathematics rooms (when not assigned to math classes), extending the benefits for students. This initiative also acts upon feedback received through the Budget survey, the results of which have been shared with trustees.

- One-time expenditure: \$1,120,000
- Human Resource Information System (HRIS)
 - As noted above under [Board Priorities](#), staff plan to initiate a process to replace the current HRIS. For planning purposes, \$1.0M from accumulated surplus has been earmarked for software and implementation. Staff will return to Trustees once the total dollar figure has been determined; as noted earlier, the full cost of this project is expected to cost approximately \$2.0M.

This initiative supports [Staff Well-being](#) by enhancing the effectiveness and efficiency with which we can provide service to employees, fulfill legislative and regulatory reporting requirements and integrate HRIS data into supporting systems.
 - One-time expenditure: \$1,000,000
- Early Intervention to Increase Graduation Rates
 - This initiative will support the creation of a multi-disciplinary team (MDT) that will support identified schools to develop, implement and monitor a coherent school improvement plan for their primary division. The MDT will also provide schools with targeted support to help students develop the self-regulation, oral language, literacy and numeracy skills critical to student success in the early years.
 - This is a two-year request for funding and the MDT will be comprised of a Learning Support Teacher (LST) and Elementary Consultant; additional support will also be provided by existing staff within Learning Services and Special Education.

This initiative is being presented in support our [Graduation Rates](#) operational goal, which is identified in the Board's [Strategic Plan](#). This initiative will help identify and support students who may be at risk of not graduating based on key indicators. This initiative also acts upon feedback received through the Budget survey, the results of which have been shared with trustees.
 - Multi-year expenditure (2018/19 and 2019/20): \$479,600

- Program Enhancement Partnership- Aviation
 - This investment will fund the purchase of equipment and materials needed to support the introduction of an Aviation program at the WRDSB. There is a declining availability of qualified professionals in the aviation industry and an opportunity exists for the board to partner with the Waterloo Region International Airport, the University of Waterloo and Conestoga College to develop a program that will support students exploring the many aspects of this exciting industry. The opportunities for students range from entry level positions straight out of secondary schools to highly specialized careers in a variety of related areas.
 - The identified funds will support the purchase of four mid-sized flight simulators and two full-size flight simulators. Ancillary supplies and services will also be funded through this investment.

This initiative exemplifies the Board's commitment to [fostering a culture of innovation that builds students' confidence and success as they face the future](#). There are also links to the [Graduation](#) and [Mathematics](#) operational goals, through the application of the many components of the SHSM (e.g. physics).

- One-time expenditure: \$337,000
- Math Resources to Support Elementary Math Instruction
 - This investment will ensure that teachers have a resource that supports the Ontario Math Curriculum and the board's comprehensive math approach. The identified resource was piloted in 40 grade 4 classrooms during the 2017-18 school year with positive results.
 - This funding will support the purchase of 2 to 4 licenses per school; schools are being asked to purchase 2 to 4 licenses using their own internal funds. The cost per license is approximately \$800 and is valid for 7 school years. Professional development for two teachers from each participating school (1.5 days) will also be provided.

This initiative supports the achievement of our [Mathematics](#) operational goal, which is identified in the Board's [Strategic Plan](#).

- One-time expenditure: \$319,500
- Laserfiche Enhancements
 - This initiative would enhance the accuracy, timeliness and overall service we can provide to our International Students (Fee Paying). It will also improve service to staff in the form of processing expense reimbursements in a more timely fashion, while enhancing internal controls to ensure compliance with Board policies and procedures.
 - The request also includes "read-only" access for administrators, which will allow them to identify vendors qualified and capable of providing services in our schools. This will help reduce the risk of schools contracting unregistered individuals (vendors) to work or provide services in our schools.

This initiative supports [Student and Staff Well-being](#) by enhancing the services we provide to students and providing staff with access to up-to-date information on registered vendors. It will also reduce the amount of time it takes to process staff expense claims, which can result in financial hardship and added stress for staff.

- One-time expenditure: \$121,000

A table summarizing the new initiatives outlined above is provided in [Appendix E](#).

Capital Budget

The Ministry of Education provides capital funding to the Board through a variety of programs, including the School Renewal Allocation (SRA), the School Condition Improvement Grant (SCI) and the Greenhouse Gas Reduction Fund (GGRF). A summary of the capital budget allocations and expenditures is provided in [Appendix F](#), and Trustees were provided with an update on plans to expend these funds during the Committee of the Whole meeting on [May 14, 2018](#).

- School Renewal Allocation (SRA)
 - The school renewal allocation addresses the costs of repairing and renovating schools. The largest component is based on a benchmark renewal cost associated with a standard floor area for each elementary and secondary pupil. Funding is also adjusted to reflect the renewal needs of older schools and regional variations in construction costs.
 - The capital component of the school renewal allocation for the 2018-19 school year is \$7.4M; this is a decrease of 4.1% compared to the prior year and is a reflection of the average age of our facilities, which impacts the grant calculation.
- School Condition Improvement Grant (SCI)
 - The SCI grant is a capital renewal program intended to help boards revitalize and renew aged building components that have exceeded or will exceed their useful life cycle.
 - As per Ministry requirements, 70% of this funding must be directed to building components and systems (roofs, HVAC, building foundations), while remaining 30% can be used to address locally identified needs.
 - For the 2018-19 school year, SCI funding is estimated to be \$14.4M, which is an increase of \$3.8M compared to the 2017-18 budget.
- Greenhouse Gas Reduction Fund (GGRF)
 - In April 2017, as part of Ontario's Climate Change Action Plan, the Ministry launched the Greenhouse Gas Reduction Fund (GGRF). The GGRF program is a capital renewal and improvement program that allows boards to revitalize and renew aged building components and upgrade / enhance the overall facility to improve operational efficiency.
 - For the 2018-19 school year, GGRF funding is estimated to be \$1.6M, which is an increase of \$1.3M compared to the 2017-18 budget.

Additional information related to the capital programs highlighted above are provided in [Ministry Memorandum 2018:B11](#).

Balanced Budget Compliance

In accordance with section 231 of the Education Act, and as outlined in [Ministry Memo 2018:SB09](#), school boards must seek the Minister's approval for any in-year deficit that exceeds the lesser of:

- 1) the accumulated surplus available for compliance from the preceding year or
- 2) one percent of a board's operating allocation

The approval from the Ministry must be obtained at any point during the fiscal year when it becomes known to the board that its projected in-year deficit will exceed the threshold set out in section 231 of the Education Act.

The budget, as presented, is balanced and complies with provincial legislation.

Risks

The budget has been developed using the most current information available. There are a number of risks that may impact the financial situation of the Board and will require monitoring. These include:

- Provincial environment and economics;
- Changing Ministry directives;
- Enrolment volatility;

Additional Information

Information regarding the 2018-19 budget is attached as follows:

- [Appendix A](#) Enrolment Projections
- [Appendix B](#) Analysis of Provincial Grant Allocations and Other Revenues
- [Appendix C](#) 2018-19 Budget Detail
- [Appendix D](#) 2018-19 Staffing
- [Appendix E](#) New Initiatives – Funded in 2018-19 Budget
- [Appendix F](#) 2018-19 Capital Budget

Background

On March 26, 2018, the Ministry of Education issued Memorandum 2018:B06, entitled "Grants for Student Needs (GSN) for 2018-19". Total funding to be allocated through the GSN for the 2018-19 school year is estimated at \$24.5B, an increase of approximately \$620M from the previous year. The main changes being introduced in 2018-19 include:

- Enhancements to implement centrally negotiated agreements;
- Investments to assist school boards in keeping up with costs;
- Investments to support students in a variety of key areas; and
- Details about transformation in Rural Education and Transportation.

It is the sole responsibility of the Board to approve the annual operating budget and it is the responsibility of staff to oversee and monitor day-to-day spending within the budget

framework. The Trustees play a key role in the budget process, ensuring that funding is aligned with the Board's strategic priorities and legislative requirements.

Financial Implications

As outlined in the recommendation and supporting budget documentation.

Communications

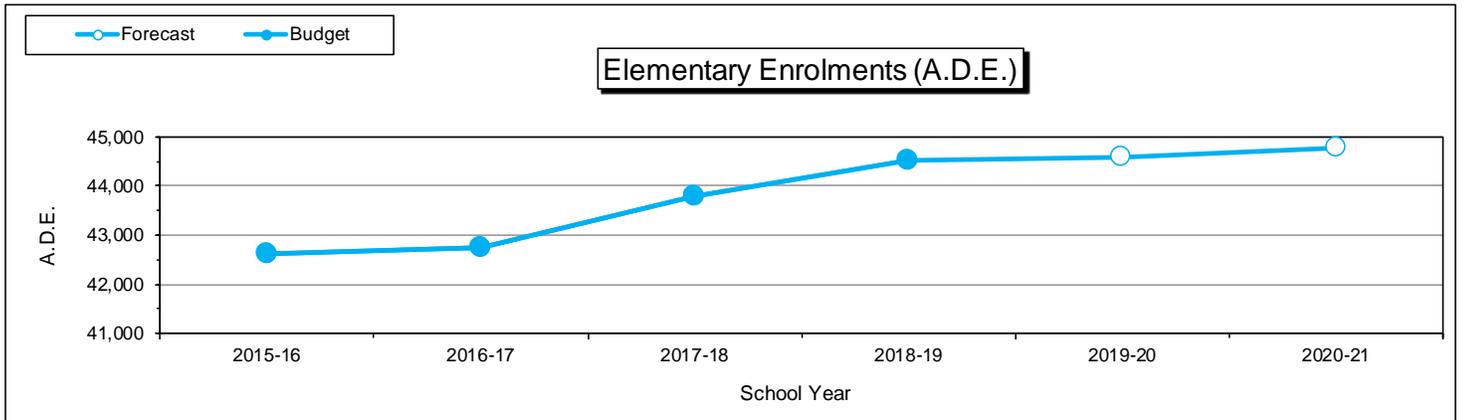
Following approval of the 2018-19 budget, the detailed estimates package will be completed and submitted to the Ministry by the June 29, 2018 deadline.

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& Treasurer of the Board
Nick Landry, Controller, Financial Services
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Fabiana Frasher, Officer, Budget Services
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in consultation with Coordinating Council

APPENDIX A- Enrolment Projections

ELEMENTARY SCHOOLS

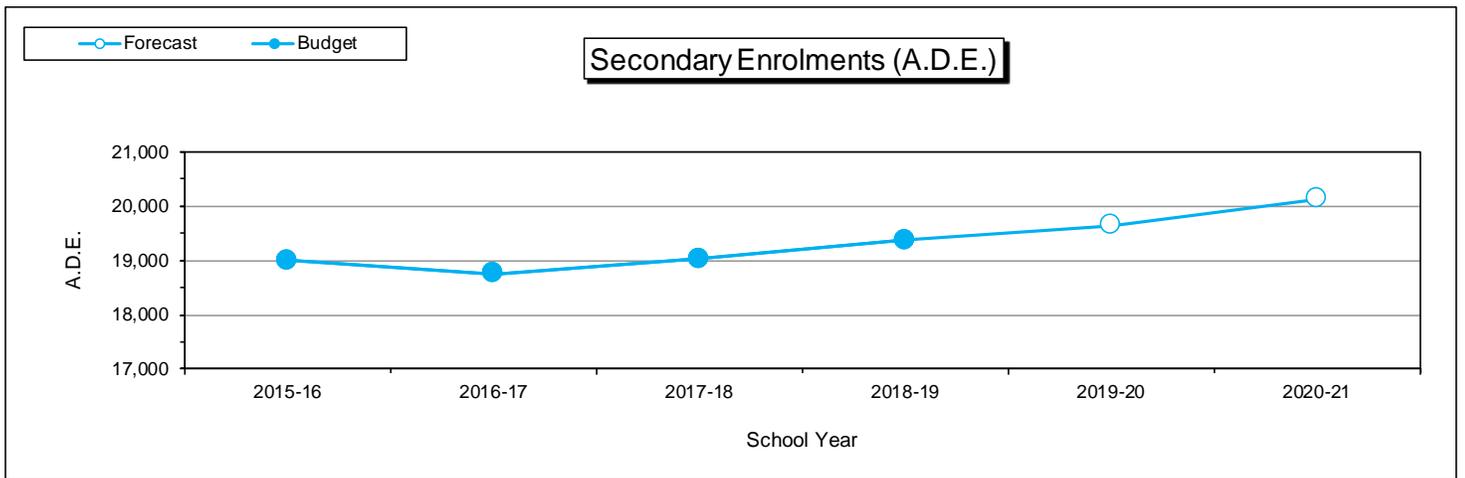
GRADE	2015-16 ADE (Budget)	2016-17 ADE (Budget)	2017-18 ADE (Budget)	2018-19 ADE (Budget)	2019-20 ADE (M-Y Forecast)	2020-21 ADE (M-Y Forecast)
Junior Kindergarten (JK)	4,022	3,764	3,979	3,767	-	-
Kindergarten (SK)	4,296	4,216	4,343	4,319	-	-
Grades 1 to 3	13,283	13,132	13,339	13,543	-	-
Grades 4 to 8	21,007	21,641	22,127	22,863	-	-
Visa	7	6	11	15	-	-
Total Elementary	42,614	42,759	43,799	44,507	44,597	44,767
<i>Change (Budget to Budget)</i>	86	144	1,040	708	91	170



SECONDARY SCHOOLS

GRADE	2015-16 ADE (Budget)	2016-17 ADE (Budget)	2017-18 ADE (Budget)	2018-19 ADE (Budget)	2019-20 ADE (M-Y Forecast)	2020-21 ADE (M-Y Forecast)
Grades 9 to 12 < 21 years	18,873	18,646	18,885	19,251	-	-
High Credit	48	43	35	28	-	-
Grades 9 to 12 >21 years	9	3	3	8	-	-
Other Pupils	61	66	96	89	-	-
Total Secondary	18,990	18,758	19,020	19,376	19,639	20,126
<i>Change (Budget to Budget)</i>	<i>127</i>	<i>(232)</i>	<i>262</i>	<i>356</i>	<i>263</i>	<i>487</i>

TOTAL ADE	61,605	61,517	62,818	63,883	64,236	64,893
<i>Change from Previous Year (Budget)</i>	<i>213</i>	<i>(88)</i>	<i>1,301</i>	<i>1,064</i>	<i>354</i>	<i>657</i>



APPENDIX B- Analysis of Provincial Grant Allocations and Other Revenues

<u>Grants for Student Needs (GSN)</u>	2017/2018 Budget	2018/2019 Budget	Budget Variance
Pupil Foundation Allocation	\$344,107,142	\$356,830,815	\$12,723,673
School Foundation Amount	42,510,675	43,700,638	1,189,963
Special Education Allocation	85,524,787	88,274,603	2,749,816
French Language Allocation	8,606,252	8,964,597	358,345
English as a Second Lanaguage Allocation	8,493,318	10,232,768	1,739,450
Rural and Norther Education	0	42,411	42,411
Learning Opportunities	13,907,981	13,767,998	(139,983)
Adult Education, Summer School	1,571,130	1,443,826	(127,304)
High Credit	121,236	97,074	(24,162)
Cost Adjustment and Teacher Qualification and Experience Allocation	64,042,353	64,048,344	5,991
Designated Early Childhood Educator Qualifications and Experience Allocation	4,152,133	4,249,545	97,412
New Teacher Induction Program	245,254	313,564	68,310
Public Sector Compensation Restraint related to non-unionized staff	(129,030)	(129,030)	0
Transportation	16,375,031	17,307,869	932,838
Administration & Governance	16,951,154	18,279,612	1,328,458
Trustees' Association Fee	43,316	43,316	0
School Operations	58,924,091	60,865,654	1,941,563
Community Use of Schools	829,605	842,701	13,096
Temporary Accommodation	1,785,158	1,930,500	145,342
Indigenous Education	944,597	992,228	47,631
Safe Schools	1,286,180	1,319,434	33,254
School Renewal	9,779,318	9,932,536	153,218
Other Capital	104,872	104,872	0
Debt Charges - Interest Portion	7,617,902	7,207,269	(410,633)
Sub-total GSN	\$687,794,455	\$710,663,144	\$22,868,689
Less:			
Amount Transferred to Deferred Capital Contributions (DCC)	(13,779,618)	(14,974,537)	(1,194,919)
Day School Fees - Ont. Residents	(10,000)	(10,000)	0
Transfers from Deferred Revenue	479,304	28,436	(450,868)
Total Grants for Student Needs	\$674,484,141	\$695,707,043	\$21,222,902

<u>Education Program Other (EPO) Grants</u>	2017/2018 Budget	2018/2019 Budget	Budget Variance
Consistent amount with previous year			
Community Use - Outreach Co-ordinator	\$128,000	\$128,000	\$0
Community Use - Priority Schools	102,000	102,000	0
Ontario Youth Apprenticeship Program (OYAP)	265,165	265,165	0
Renewed Mathematics Strategy	1,478,573	1,478,573	0
Change to grant amount			
Literacy & Basic Skills	300,908	370,900	69,992
Official Languages in Education Program: French as a Second Language	197,746	214,597	16,851
Innovation in Learning Fund	0	108,111	108,111
Well Being: Safe Accepting and Healthy Schools and Mental Health	165,379	274,695	109,316
Professional Development - DECE	308,260	0	(308,260)
Mental Health Workers in School	0	477,472	477,472
Indigenous Support and Engagement	0	100,000	100,000
Highly Skilled Workforce Strategy K-12 Experiential Learning	0	222,056	222,056
Moved to Grants for Student Needs			
Early Years Leads Program	180,790	0	(180,790)
Autism Supports & Training	94,520	0	(94,520)
Autism Supporting Transition to the New Ontario Autism Program	201,056	0	(201,056)
Total Educational Program Other Grants	\$3,422,397	\$3,741,569	\$319,172
<u>Other Revenue</u>			
Investment Income	\$407,308	\$475,264	\$67,956
Fees (Ontario Residents, Foreign Students)	1,848,400	2,297,900	449,500
Rental Revenue	1,689,700	1,699,100	9,400
Amounts from Deferred Revenue - Other third party	500,000	0	(500,000)
Amounts from Deferred Revenue - Education Development Charges	10,072,616	10,142,195	69,579
Fees for Extended Day Care - Early Learning Program	7,774,400	7,982,200	207,800
Other (insurance proceeds, recoverable)	3,426,173	3,350,418	(75,755)
Total Other Revenue	\$25,718,597	\$25,947,077	\$228,480
<u>RECONCILIATION OF TOTAL REVENUES</u>			
Grants for Student Needs (GSN)	\$674,484,142	\$695,707,042	\$21,222,900
Education Program Other (EPO) Grants	3,422,397	3,741,569	319,172
School Generated Funds	14,000,000	14,000,000	0
Investment Income	407,308	475,264	67,956
Other Revenue	25,311,289	25,471,813	160,524
Amortization of Deferred Capital Contributions	34,143,703	35,197,975	1,054,272
Total Revenue	\$751,768,839	\$774,593,663	\$22,824,824

APPENDIX C- 2018-19 Budget Detail

WATERLOO REGION DISTRICT SCHOOL BOARD 2018/19 BUDGET REVENUE & EXPENSE SUMMARY

	2017/2018 Budget	2018/2019 Budget	Budget Variance	% Change
REVENUE CATEGORIES				
A. Provincial Grant Allocation	\$674,484,142	\$695,707,042	\$21,222,900	3.15%
B. Provincial Grants - Other	3,422,397	3,741,569	319,172	9.33%
C. School Generated Funds	14,000,000	14,000,000	0	0.00%
D. Investment Income	407,308	475,264	67,956	16.68%
E. Other Fees & Revenues	25,311,289	25,471,813	160,524	0.63%
F. Amortization of Deferred Capital Contributions	34,143,703	35,197,975	1,054,272	3.09%
Total Revenues	\$751,768,839	\$774,593,663	\$22,824,824	3.04%
EXPENSE CATEGORIES				
A. Instruction - Classroom	\$529,401,318	\$549,454,603	\$20,053,285	3.79%
B. Instruction - Administration	51,210,255	53,809,921	2,599,666	5.08%
C. Administration & Governance	16,988,195	18,149,120	1,160,925	6.83%
D. School Operations	60,213,541	62,406,738	2,193,197	3.64%
E. Continuing Education	2,027,587	2,088,699	61,112	3.01%
F. Transportation	17,139,219	18,174,062	1,034,843	6.04%
G. Pupil Accommodation (Operating)	39,017,517	40,105,778	1,088,261	2.79%
H. Other	24,345,372	23,943,272	(402,100)	-1.65%
Total Expenses	\$740,343,004	\$768,132,193	\$27,789,189	3.75%
PSAB Annual Surplus/(Deficit) before transfers	\$11,425,835	\$6,461,470		
Less: Externally Appropriated Surplus	(13,528,481)	(9,614,097)		
Plus/Less: Internally Appropriated Surplus	(362,354)	(224,473)		
Plus/Less: Amounts from Accumulated Surplus	2,465,000	3,377,100		
Net Budget Balance	\$0	\$0		

**WATERLOO REGION DISTRICT SCHOOL BOARD
2018/19 BUDGET
EXPENSE FUNCTIONS**

	2017/2018 Budget	2018/2019 Budget	Budget Variance	% Change
A. INSTRUCTION: CLASSROOM				
Salaries & Benefits	\$502,477,532	\$520,389,378	\$17,911,846	3.56%
Supplies & Services	21,035,254	23,459,042	2,423,788	11.52%
Contracts for Services	5,444,700	5,669,100	224,400	4.12%
Cost Recoveries	0	0	0	0.00%
Amortization Expense	5,970,332	6,239,783	269,451	4.51%
Less Minor Tangible Capital Assets	<u>(5,526,500)</u>	<u>(6,302,700)</u>	<u>(776,200)</u>	<u>14.05%</u>
TOTAL	<u>\$529,401,318</u>	<u>\$549,454,603</u>	<u>\$20,053,285</u>	<u>3.79%</u>
B. INSTRUCTION: ADMINISTRATION				
Salaries & Benefits	\$49,629,529	\$52,071,071	\$2,441,542	4.92%
Supplies & Services	1,653,826	1,579,950	(73,876)	(4.47%)
Contracts for Services	143,700	269,400	125,700	87.47%
Less Minor Tangible Capital Assets	<u>(216,800)</u>	<u>(110,500)</u>	<u>106,300</u>	<u>(49.03%)</u>
TOTAL	<u>\$51,210,255</u>	<u>\$53,809,921</u>	<u>\$2,599,666</u>	<u>5.08%</u>
C. ADMINISTRATION & GOVERNANCE				
Salaries & Benefits	\$11,818,529	\$12,863,548	\$1,045,019	8.84%
Supplies & Services	1,641,720	2,584,854	943,134	57.45%
Utilities	414,000	418,000	4,000	0.97%
Contracts for Service	2,753,977	2,711,955	(42,022)	(1.53%)
Cost Recoveries	0	0	0	0.00%
Other	36,269	36,269	0	0.00%
Capital - Ed. Centre Building Repairs	1,022,000	710,000	(312,000)	(30.53%)
Amortization Expense	539,700	602,294	62,594	11.60%
Less Tangible Capital Assets-Building	<u>(1,022,000)</u>	<u>(710,000)</u>	<u>312,000</u>	<u>(30.53%)</u>
Less Minor Tangible Capital Assets	<u>(216,000)</u>	<u>(1,067,800)</u>	<u>(851,800)</u>	<u>394.35%</u>
TOTAL	<u>\$16,988,195</u>	<u>\$18,149,120</u>	<u>\$1,160,925</u>	<u>6.83%</u>
D. SCHOOL OPERATIONS				
Salaries & Benefits	\$36,437,743	\$37,848,061	\$1,410,318	3.87%
Supplies & Services	5,597,107	5,571,302	(25,805)	(0.46%)
Utilities	14,233,100	14,413,200	180,100	1.27%
Contracts for Service	3,934,000	4,567,900	633,900	16.11%
Cost Recoveries	0	0	0	0.00%
Amortization Expense	152,591	132,775	(19,816)	(12.99%)
Less Minor Tangible Capital Assets	<u>(141,000)</u>	<u>(126,500)</u>	<u>14,500</u>	<u>(10.28%)</u>
TOTAL	<u>\$60,213,541</u>	<u>\$62,406,738</u>	<u>\$2,193,197</u>	<u>3.64%</u>

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**WATERLOO REGION DISTRICT SCHOOL BOARD
2018/19 BUDGET
EXPENSE FUNCTIONS**

	2017/2018 Budget	2018/2019 Budget	Budget Variance	% Change
E. CONTINUING EDUCATION				
Salaries & Benefits	\$1,893,179	\$1,941,699	\$48,520	2.56%
Supplies & Services	61,008	68,400	7,392	12.12%
Contracts for Service	73,400	78,600	5,200	7.08%
TOTAL	<u>\$2,027,587</u>	<u>\$2,088,699</u>	<u>\$61,112</u>	<u>3.01%</u>
F. TRANSPORTATION				
Salaries & Benefits	\$747,163	\$693,214	(\$53,949)	(7.22%)
Supplies & Services	152,963	210,978	58,015	37.93%
Contracts for Service	16,237,866	17,268,643	1,030,777	6.35%
Cost Recoveries	0	0	0	0.00%
Amortization Expense	1,227	1,227	0	0.00%
TOTAL	<u>\$17,139,219</u>	<u>\$18,174,062</u>	<u>\$1,034,843</u>	<u>6.04%</u>
G. PUPIL ACCOMMODATION (OPERATING)				
School Renewal	\$2,100,000	\$2,566,103	\$466,103	22.20%
Other Capital: Building Repairs	0	4,120,000	4,120,000	-
Instructional Facility Rentals	1,980,840	1,930,500	(50,340)	(2.54%)
Debt Charges - Interest	7,027,474	6,766,418	(261,056)	(3.71%)
Amortization Expense	27,909,203	28,842,757	933,554	3.34%
Less Tangible Capital Assets-Building	0	(4,120,000)	(4,120,000)	-
TOTAL	<u>\$39,017,517</u>	<u>\$40,105,778</u>	<u>\$1,088,261</u>	<u>2.79%</u>
H. OTHER				
School Generated Funds	\$14,000,000	\$14,000,000	\$0	0.00%
Non-Operating: 55 School Board Trust & FDK - Extended Day & Recoverable Salaries	10,345,372	9,943,272	(402,100)	(3.89%)
TOTAL	<u>\$24,345,372</u>	<u>\$23,943,272</u>	<u>(\$402,100)</u>	<u>(1.65%)</u>
TOTAL EXPENSE BUDGET	<u><u>\$740,343,004</u></u>	<u><u>\$768,132,193</u></u>	<u><u>\$27,789,189</u></u>	<u><u>3.75%</u></u>

APPENDIX D- 2018-19 Staffing

**WATERLOO REGION DISTRICT SCHOOL BOARD
2018/19 BUDGET
STAFFING COMPARISON**

<u>MINISTRY CATEGORIES</u>	2017/18 BUDGET			2018/19 BUDGET			Budget Variance
	REGULAR PROGRAM	SPECIAL EDUCATION	TOTAL	REGULAR PROGRAM	SPECIAL EDUCATION	TOTAL	
Classroom Teachers -Elementary	2,319	331	2,650	2,371	333	2,704	53
Classroom Teachers -Secondary	1,082	104	1,186	1,101	104	1,205	19
Total Classroom Teachers	3,401	435	3,836	3,471	437	3,909	73
Teacher Assistants - Elementary	7	464	471	8	472	480	9
Teacher Assistants - Secondary	26	111	137	26	112	138	1
Total Teacher Assistants (Educational Assistants)	33	574	607	34	584	617	10
Early Childhood Educators - Elementary	338	0	338	345	0	345	7
Student Support - Professionals, Para-Professionals & Technicians (e.g. Child & Youth Workers and Professional Student Services Personnel (PSSP))	191	144	335	197	149	346	11
Library & Guidance Staff (Teachers & Library Clerks)	151	0	151	171	0	171	21
School Administration (Principals, VPs, Administrative Support Staff)	462	3	465	469	3	472	8
Coordinators and Consultants (Program coordinators & consultants and administrative support staff)	45	22	67	47	22	69	2
Continuing Education	15	0	15	25	0	25	10
Total Instructional Staff	4,634	1,179	5,813	4,759	1,195	5,954	141
Administration & Governance	133	0	133	135	0	135	2
Pupil Transportation**	9	0	9	0	0	0	-9
School Operations	554	0	554	563	0	563	10
Non-Operating (Extended Day Program)	99	7	106	103	7	110	5
Total Non-instructional Staff	794	7	801	802	7	809	8
Grand Total Staff	5,428	1,186	6,614	5,561	1,202	6,763	149

** As a result of changes that have been made for Employee Life and Health Trusts (ELHT), the Ministry requires that the Board who issues the payroll remittances to employees report them in EFIS. Under our agreement with the Waterloo Catholic District School Board, they fulfill this function and have reported STSWR employees.

Note: All staffing figures are reported as full-time equivalent (FTE). The number of persons working in each category may be different. As noted earlier in this report, the total number of persons employed by the Board is approximately 8,200.

APPENDIX E- New Initiatives– Funded in 2018-19 Budget

<p>WATERLOO REGION DISTRICT SCHOOL BOARD 2018/19 BUDGET NEW INITIATIVES FUNDED</p>

Funding Source	OPERATING	CAPITAL	TOTAL
Capital Improvements for Staff and Student Well-being	\$0	\$4,120,000	\$4,120,000
Collaborative Furniture for Secondary Schools	1,120,000	0	1,120,000
Human Resources Information System	0	1,000,000	1,000,000
Early Intervention to Increase Graduation Rates	479,600	0	479,600
Program Enhancement Partnership- Aviation	137,000	200,000	337,000
Math Resources to Support Elementary Math Instruction	319,500	0	319,500
Laserfiche Enhancements	121,000	0	121,000
TOTAL	<u>\$2,177,100</u>	<u>\$5,320,000</u>	<u>\$7,497,100</u>

APPENDIX F- 2018-19 Capital Budget

**WATERLOO REGION DISTRICT SCHOOL BOARD
2018/19 BUDGET
CAPITAL**

FUNDING SOURCE	2017/2018 Budget	2018/2019 Budget	VARIANCE
New Schools and Additions	\$20,995,983	\$7,000,000	(\$13,995,983)
Committed Capital Projects	1,022,000	4,830,000	3,808,000
School Condition Improvement	11,817,120	14,421,650	2,604,530
Full Day Kindergarten	1,764,595	1,350,000	(414,595)
School Renewal	7,679,318	7,367,037	(312,281)
Education Development Charges	13,497,477	13,031,500	(465,977)
Proceeds of Disposition	2,700,000	5,464,763	2,764,763
Child Care Capital	4,992,272	1,000,000	(3,992,272)
Child and Family Centers	1,512,510	1,000,000	(512,510)
Greenhouse Gas Reduction	320,000	1,602,400	1,282,400
Community Hubs	90,000	0	(90,000)
Minor Tangible Capital Assets	6,100,300	7,607,500	1,507,200
TOTAL	<u>\$72,491,575</u>	<u>\$64,674,850</u>	<u>(\$7,816,725)</u>
EXPENDITURE			
Buildings (new, additions, & renewal)	\$48,273,798	\$42,235,850	(\$6,037,948)
Land	13,997,477	13,031,500	(965,977)
Land Improvements	1,100,000	1,350,000	250,000
Leasehold Improvements	2,200,000	0	(2,200,000)
Moveable Assets	6,920,300	8,057,500	1,137,200
TOTAL	<u>\$72,491,575</u>	<u>\$64,674,850</u>	<u>(\$7,816,725)</u>

**WATERLOO REGION DISTRICT SCHOOL BOARD
2018/19 BUDGET
CAPITAL PROJECT SUMMARY**

New Capital Priorities	2018-2019 Projects	2017-2018 Completions	Land Purchases
Cedar Creek Addition (\$4.5M)	School Renewal Projects (\$7.4M)	Janet Metcalfe Public School (\$1.0M)	Land Acquisitions (\$13.0M)
Grand River CI Addition (\$2.0M)	School Condition Improvement (\$14.4M)		
Ryerson Addition (\$2.9M)	Proceeds of Disposition (\$5.4M)		Minor Tangible Capital Assets
	Education Centre Renewal (\$0.7M)		Vehicle and Equipment (\$7.6M)
	Committed Capital (\$4.1M)		
	Greenhouse Gas Reduction (\$1.6M)		