

**Report to Committee of the Whole
November 10, 2014**



**Waterloo Region
District School Board**

Inspired Learners – Tomorrow's Leaders

SUBJECT: Long Term Fiscal Sustainability and Stability Task Force

ORIGINATOR: This report was prepared by Marilyn Allen, Executive Superintendent of Business and Financial Services and Treasurer in consultation with Executive Committee.

PURPOSE/STRATEGIC PLAN:

The purpose of the report is to present the terms of reference for the Long Term Sustainability and Stability Task Force (to be known as the Fiscal Task Force).

This report relates to three of the Waterloo Region District School Board's (the Board's) strategic directions: Engaging students, families, staff and communities, Championing Quality Public Education and Promoting Forward Thinking. The System Fiscal Review is intended to ensure that our programs, supports and services are aligned with the ongoing needs of the system, while respecting the need to find sustainable savings through operational efficiencies and/or program changes.

BACKGROUND:

In past years, the Waterloo Region District School Board experienced a stable fiscal environment as a result of annual increases to enrolment, increases to ministry benchmarks and ongoing reviews for operational efficiencies which allowed resources to be freed up to support student learning and achievement. Between 2008-09 and 2011-12, Ministry funding for the Waterloo Region District School Board increased by approximately \$78M, or 15% (exclusive of Full Day Kindergarten (FDK) and Capital Funding). These annual increases in funding, along with a system-wide focus on sound fiscal management, allowed the Board to achieve balanced budgets while enhancing programs for students.

The situation facing the Board changed with the announcement of the 2012-13 Grants for Student Needs (GSN). As the Provincial Government developed financial plans to eliminate the Provincial deficit, increases to the GSN were kept at a minimum and a number of policy changes were announced which would impact the Board's funding; namely, an indication that the government would be moving forward with the 34 credit threshold for secondary enrolment funding. In addition to the changes announced by the government, the board began to experience declining enrolment in the secondary panel as a result of changing demographic and economic trends in the Region. The situation has been further compounded by increasing expenditure pressures in many areas of operation.

As part of the 2013-14 budget process, Trustees directed staff to continue the system fiscal review that had been undertaken in the 2012-13 school year. The motion, approved on June 19, 2013, directed staff as follows:

“That the Waterloo Region District School Board direct staff to continue the system fiscal review to study programs and services and organization structure, for the purpose of identifying additional efficiencies and savings that can be achieved in order to ensure the Board continues to attain and demonstrate fiscal stability and responsibility; and

That the progress of the review be reported periodically throughout the year to the Board; and

That the review target for 2014-15 be set at a minimum of \$4.6M ongoing, sustainable savings.”

As directed by Board, administration undertook a complete review of program and operational areas to identify if savings or efficiencies were possible. There were a number of areas where further study would be required because of the complexity of changes needed.

On March 17, 2014, the Board was presented with the results of the review.

The target savings to be achieved were set as a minimum of \$4.6M. The report represented identified savings and efficiencies that will result in \$4.98M in annual savings.

It should be noted that the initial \$4.6M target was set during the 2013-2014 budget process with information known and available in June of 2013. Subsequent to the establishment of the \$4.6M target, the Board experienced a number of further challenges. Most notable was a further decline in secondary enrolment and the accompanying loss of grant revenue. Additional unanticipated expenditures have also increased the financial pressure being experienced by the Board.

The 2014-2015 budget process was undertaken as a continuation of the direction taken in the review.

Programs and services were examined across the system in an attempt to preserve the Board's learning objectives and support the new strategic directions. A further \$2.5M of reductions and realignments were made to adjust expenses to assist in attaining a balance between revenues and ongoing expenses within the system.

STATUS:

The most important consideration in the budget process is to sustain the Board's strategic direction and maintain the positive progress being made through board improvement plan and student learning.

Careful monitoring is important to align available resources. Staffing levels were reviewed and reductions made to address the funding shortfall resulting from declining enrolment wherever the service related to enrolment levels.

The implication is that further work will be required to trim expenditures and increase revenue to meet our fiscal situation. The additional savings will be necessary to address further challenges.

The work completed by staff to date has focused on expenditure reductions that will have the least direct impact on students and the classroom learning environment. However, as we continue to work through changes in Ministry funding and declining enrolment in the secondary panel, it is anticipated that any future reductions may have a broader impact on students, the classroom learning environment and the provision of direct programs and services.

Therefore, a series of broader consultation methods will support further decision making in the Board's efforts to ensure the fiscal sustainability of the Board's operations.

A critical component of this will be to examine new and innovative ways to accomplish our objectives. For example, technology offers many opportunities to re-envision our delivery of programs and services.

On June 23, 2014, the Board passed the following motion:

That the Waterloo Region District School Board establish a task force to undertake discussions and consider options and solutions to ensure the long term fiscal sustainability and stability of the Board;

That the task force will consist of designated staff and two trustees and will engage staff, the community and other partners as appropriate.

The terms of reference for this task force as included in Appendix A of this report.

COMMUNICATIONS:

The committee information will be shared and when organized, opportunities for input will be advertised through the Board's website.

FINANCIAL IMPLICATIONS:

None

RECOMMENDATION:
It is recommended:

That the Waterloo Region District School Board adopt the terms of reference for the Long Term Fiscal Sustainability and Stability Task Force as presented in the November 10, 2014 report.

 **Director of Education**

Long Term Fiscal Sustainability and Stability Task Force Terms of Reference

1. Name

Long Term Fiscal Sustainability and Stability Task Force (known as Fiscal Task Force)

Alignment with Board Strategic Plan:

- We engage students, families, staff and communities
- We champion quality public education
- We promote forward thinking

Definitions:

Sustainability refers to the ability to be maintained at a certain level. It infers that the fiscal situation should be ongoing and sound by nature.

Stability refers to the reliability, dependability and balance of the financial undertakings of the Board

2. Purpose

Focus: The task force will focus on discussions of topics and consider options and solutions which will ensure the long term fiscal sustainability and stability of the Board.

3. Responsibilities

To engage stakeholders in discussions about potential initiatives and their merit as it relates to the fiscal mandate of the Board in the context of the Board's mission. The task force may request further study, analysis, research or consultation by referring the item to an appropriately constituted working group for follow-up.

The work group assigned will be populated by staff specific to the topic under discussion. The work group will report back to the task force with full consideration of the topic/initiative. Further discussion will consider the options and solutions proposed.

Items of an operational nature may be referred to Executive Committee for follow-up. Items requiring board action will be directed to a Committee of the Whole meeting for consideration of the full Board through Executive Committee.

The Task Force will undertake an engagement process whereby invitations will be made to staff and the public to submit suggestions that meet the criteria of long term sustainability and stability of the Board's fiscal situation.

4. Members of the Task Force

2 Trustees, appointed by Board Chair

1 Representative from WREA

1 Representative from SSPA

1 Executive Superintendent of Learning Services

1 Executive Superintendent of Human Resources Services

1 Executive Superintendent of Business Services (Chair)

Total: 7

5. Role of Board Staff

Board staff will compose the membership of the working groups charged with the follow-up of items as directed by the Task Force. They will report back to the Task Force.

6. Meetings

- A. Meetings will be held monthly on the first Tuesday of the month at 5:00 pm.
- B. All meetings will be open to other trustees.
- C. The meetings will be chaired by the Executive Superintendent of Business Services (or designate).
- D. A quorum will be 4 members, one of which must be a trustee and one of which must be the Executive Superintendent of Business (or designate).
- E. The committee will operate by consensus of the members. Recommendations, as determined by consensus of the task force members, may be presented to the board as appropriate or referred to staff depending on the nature of the recommendation (governance or operational).
- F. Agendas will be sent to all trustees. Meeting materials will be sent to Task Force Members and on request to other trustees.
- G. Minutes of the meetings will be taken.

7. Reporting

Progress updates (either orally or in writing) will be provided to the board on a quarterly basis (suggested September, December, March and June).

