

Report Title: 2025-2026 Budget Development and Timelines
Submitted by: R. Negoi, Superintendent of Business and Treasurer
C. Ennis, Director of Education
Meeting Date: December 3, 2024

1. Analysis

The fiscal year for all School Boards in Ontario is in alignment with the school year and runs from September 1 to August 31. According to Ministry of Education reporting and accountability requirements, a School Board's budget must be submitted to the Ministry by the end of June preceding the start of the fiscal year in question. Consequently, the 2025-2026 budget must be submitted prior to the end of June 2025.

Provincial Perspective

The Government of Ontario is now projecting a (\$1.5) billion deficit in 2025-2026, followed by a \$0.9 billion surplus budget in 2026-2027, according to the most recent 2024 Fall Economic Outlook. The provincial government's focus is to keep costs down, while taking a targeted approach investing in the economy and infrastructure, while focusing on eliminating the (\$6.6) billion deficit of the current year. With the education sector reflecting the second highest provincial allocation, there are no significant increases or changes expected in the Core Education Funding (CoreEd Funding) for next fiscal year; however plans to achieve a provincial surplus over a two year period may signal additional financial restraints.

On October 4th, 2024, the Ministry of Education released the [2025-2026 Education Funding Engagement Guide](#), requesting stakeholder input into next year's CoreEd Funding. The areas of focus included:

1. Core Education Funding Model Reform
2. Special Education funding
3. Efficiencies and Reducing Administrative Burden
4. Community Use of Schools, and
5. Student Safety and Well-Being.

Provincially, the Trustee Associations, Council of Ontario Directors of Education (CODE) and Council of School Business Officials (COSBO) submitted detailed recommendations which reflect aligned messaging regarding the concerns about the compiling funding gaps in the Core Education Funding, as well as areas of concern and challenges in the education sector. The main concerns that arose from the submissions can be summarized as follows:

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- In order to strengthen accountability and transparency, the newly consolidated funding allocations would benefit from a breakdown of salary and benefits components for all employee groups. Benefits are one area that continues to be significantly underfunded, and even more of a burden since the federally mandated increases to Canada Pension Plan (CPP) contributions, without additional funding from the Province.
- Non-salary costs have increased as much as 20%-30% due to inflation and market conditions, while the CoreEd continues to lag behind as some non-salary benchmarks have not been updated since 2008.
- The new transportation funding model has resulted in significant funding reductions to school boards, and even with the additional updates to the formula, this remains an area underfunded provincially.
- Special Education funding has also not kept up with the increase in students with exceptionalities and is based on old data, as the new census data is phased in over 5 years.
- Supply staff costs have continued to increase and exceed funding levels. The sick leave provision is a centrally negotiated item, which school boards do not have control over.
- Other areas of concern in the sector that require additional funding and support include student and staff mental health and safety within schools, and temporary accommodations.

The Province and the education sector have ratified all collective agreements, with funding allocations reflecting the cumulative impact of the retroactive changes. These compensation updates are meant to be budget neutral to school boards, however until the Core Education Funding is released and analyzed against actual expenses, it is difficult to determine the full local impact.

Board Perspective

The key objective of the Budget Development Process is to align the allocation of resources with the [2024-2028 Multi-Year Plan](#), the Special Education Plan, and the Capital plan; identify school-based staffing requirements; identify budget challenges and opportunities; and gather input from the various stakeholder groups. The budget development process also considers the corporate risk profile in determining the allocation of resources. These inform any changes in direction or initiatives required to support the six Board commitments, which are then reflected in the original budget and updated in the revised estimates.

The 2025-2026 budget timelines are attached to this report. The consultation process is starting earlier this year to allow for more meaningful feedback and consideration into the decision

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making process. The HDSB website will be updated at the end of December with information about the budget process, enrollment, funding and expenses. Parents, guardians, staff, students and members of the public are invited to submit questions which will be addressed in a public information engagement session later in January. Following this session, the budget feedback page will be open to the public. Further to the public consultation process, staffing budget sessions are going to also take place during January. All feedback received will be analyzed and results will be presented to the Board of Trustees during March, as well as form the basis for the budget development and decision making.

Budget discussions will be scheduled with the Committee of the Whole between January and May, with a draft budget proposed for the end of May 2025. The final budget will be presented to the Board for final approval in June 2025, consistent with Ministry reporting timelines.

The HDSB is facing a deficit of approximately \$1.8 million for the current year, with an In-Year Deficit Elimination plan to identify reductions and balance the 2025-2026 budget. According to regulations, school boards with a deficit in the current year must balance their budget in 2025-2026, unless they receive the Minister's approval. In the past, school boards with sufficient accumulated surplus were allowed to spend up to 1% of their provincial allocation with Board approval, however that is not the case for the next fiscal year.

Core Education Funding continues to provide challenges to HDSB, which is the third lowest per pupil school board provincially. The areas of underfunding include supply staff, special education, student transportation, temporary accommodations and statutory benefits. The HDSB has historically focused its resources on instruction, and has underspent in areas such as board administration and school operations and maintenance in order to overcome funding challenges. Other revenues, such as interest income, community use of facilities and international students tuition fees, have also been supporting the cost of instruction.

The HDSB has made significant reductions in 2024-2025 in order to eliminate the structural deficit and align costs to funding parameters. Given the regulatory requirement to balance the budget next year, the tone of the budget development process will be a cautious one, focusing on containing costs, responding to declining enrollment trends and continuing to seek some efficiencies where possible.

1.1. Governance Alignment

Under the Education Act, the Board of Trustees are required to approve a balanced budget prior to the end of June, of the preceding year. This report marks the start of the 2025-2026 Budget Development process, outlining key dates, budget objectives and budget challenges and priorities.

2. Background

The budget development process typically starts in the fall of the prior school year. All information, reports and presentations are made public on our [Budget and Financial Information website](#). This website also contains the budget and financial information for prior years as comparison.

The public consultation process will be updated on the website later in December and will culminate with a feedback form at the end of January and into February.

The next budget discussions are planned with the Committee of the Whole on February 11, 2025 and additional presentations will occur during April and May, including discussions with the Special Education Advisory Committee (SEAC). A budget stakeholders consultation report will be presented to the Board of Trustees on March 4, 2025.

3. Financial Impact

This information report does not have a direct financial impact, however will inform the allocation of resources in the 2025-2026 year. The HDSB is facing a \$1.8 million deficit in the current year, and a regulatory requirement to balance in 2025-2026. Looking towards the next school year, the budget development process will be a cautious one, with a focus on containing costs and minimizing impact to students, staff and school communities.

4. Multi-Year Strategic Plan Alignment

Priority Alignment: Environmental and Global Citizenship ▾ ;
Human Rights, Equity and Inclusion ▾ ; Indigenous Rights and Education ▾ ;
Kindness, Connection and Community ▾ ; Learning, Engagement and Achievement ▾ ;
Mental Health and Well-Being ▾

This report indirectly supports all of HDSB commitments under the Multi Year Strategic Plan, by facilitating the allocation of resources for a successful school and fiscal year for students and staff.

5. Attachment(s):

None.



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Respectfully submitted,

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Superintendent of Business and Treasurer

Curtis Ennis

Director of Education

Appendix A - Timelines for 2025/2026 Budget Development

October / November 2024

Education Funding Consultations

- Provide feedback to senior administration and include in the next Board report
- Collaborate with OPSBA, CODE, COSBO on CoreEd Funding Consultation submission
- Board of Trustees provide feedback on Education Funding
- Provide feedback on Education Funding at the Regional Education Council

November 2024 / March 2025

Administrative Council and Budget Working Group budget planning meetings

Senior Staff budget meetings

- Individual meetings with budget owners
- Identifying gaps and efficiencies
- Review corporate risk profile and align to resource allocation

Budget Development Report

- Budget objectives, schedule, funding, consultation, review of budget assumptions

Budget Consultation

- Staff budget meetings
- Trustee input
- SEAC input
- Budget Townhall and Feedback

April 2025

Administrative Council meetings to form recommendations

Trustee Budget Meeting(s)

Discussion re: Alignment of Financial Resources

- Multi-Year Plan
- Annual Operational Plan
- Special Education Plan
- Capital Plan
- Corporate Risk Profile
- Regulatory compliance

Review of Budget Parameters

- Preliminary Enrolment
- Review details of 2025/2026 CoreEd Funding
- Overview of Grant Revenue Calculation (based on CoreEd funding release)
- Review Expenditures to ensure alignment with CoreEd funding
- Discuss restraint measures required

Review of Accountability and Reporting Requirements

Review Trustee Input

Review Stakeholder Input

Presentation/review with Board of Trustees and SEAC

May/June 2025

Trustee Budget Meeting(s)

Review of draft budget

Review Administrative Council recommendations

Update on Trustee Input / Stakeholder Input /

Update on Communication Plan

Continue to discuss restraint measures if required

Board Meeting

Budget finalized

Budget filed with Ministry and posted on the website