
To: The Chair and Members of the Halton District School Board
From: R. Negoi, Superintendent of Business Services and Treasurer
C. Ennis, Director of Education
Re: **2024-2025 Budget Development and Timelines**

Background

This report marks the start of the 2024-2025 Budget Development process, outlining key dates, budget objectives and budget challenges and priorities.

Rationale

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 2024-2025 budget must be submitted prior to the end of June 2024.

Provincial Perspective

The Government of Ontario continues to project a surplus in 2025-2026, according to the most recent 2023 Fall Economic Outlook and take austerity measures along the way in order to reduce the current provincial deficit of \$5.6 billion. With the education sector reflecting the second highest provincial allocation, and labour negotiations currently underway which will have a material impact on the provincial funding, there are no significant increases expected in the Grants for Student Needs (GSN) for next fiscal year.

On September 27th, 2023, the Ministry of Education released the [2024-2025 Education Funding Consultation Guide](#), requesting stakeholder input into next year's GSN. The areas of focus included:

1. Strengthening accountability, enhancing transparency and reducing complexity; and
2. Modernization of the Special Education Grant.

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 GSN. In addition, many school boards, including Halton District School Board (HDSB) Board of Trustees, also responded to the consultation. 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 GSN allocations would benefit from a breakdown of salary and benefits components for all employee groups. Benefits are one area of significant underfunding, and even more of a burden since the federally mandated increases to Canada Pension Plan (CPP) and Employment Insurance (EI) contributions, without additional funding from the Province.
- Over the last four years, there have been significant increases in reporting and compliance requirements, with no additional recognition of workload for the administrative functions.
- Costs outside of compensation have increased as much as 20%-30% due to inflation and market conditions, while the GSN has not kept up with this trend.
- The new transportation funding model has resulted in significant funding reductions to school boards, does not fund all vehicle types and does not consider the increase in contractual obligations that school boards are locked into, which could be tied to annual inflationary or fixed rate increases.
- Special Education funding has also not kept up with the increase in students with exceptionalities and is based on old data. There would be a benefit in simplifying the Special Incidence Portion claims process and allowing flexibility with using the Special Equipment Amount within the Special Education program.
- Supply staff costs have continued to increase and outperform funding. The sick leave provision is a centrally negotiated item, which school boards do not have control over.

The Province is currently finalizing labour negotiations with all education sector unions, as well as settlements related to Bill 124, relating to the 2018-2022 agreements. Together these pose a significant increase to the provincial budget and may impact the 2024-2025 GSN provisions. Given the economic outlook and plan to balance the provincial budget by 2025-2026, it is unlikely there will be significant increases in the GSN, to address the shortfalls identified above.

Board Perspective

The key objective of the Budget Development Process is to align the allocation of resources with the annual Operational Plan of the Board, 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. Updates to the corporate risk profile are aligned with the development of the annual Operational Plan and its progress review. These inform any changes in direction or initiatives required to support the five key strategic commitments, which are then reflected in the original budget and updated in the revised estimates.

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The 2024-2025 budget timelines are attached to this report. A survey will be developed in early February, seeking input into the upcoming budget process. Results will be presented to the Board of Trustees during March. 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 2024. The final budget will be presented to the Board for final approval in June 2024, consistent with Ministry reporting timelines.

The Multi-Year Plan is currently being reviewed and renewed, and the budget objectives will align with the 2024-2028 plan. The 2024-2025 Operating Plan, Special Education Plan and Capital Plan are all developed over the coming months and presented for Board approval in June 2024.

The HDSB is facing a deficit of approximately \$7.7 million for the current year, with an In-Year Deficit Elimination plan to identify reductions and balance the 2024-2025 budget. According to regulations, school boards with a deficit in the current year must balance their budget in 2024-2025, 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.

The HDSB is facing significant funding shortfalls which impact the ability to balance the current budget. In particular:

- Special Education program costs exceed funding by \$17.7 million
- Supply costs continue to increase and exceed the funding allocation by over \$7 million
- Enhanced CPP and EI costs HDSB over \$7 million with no additional funding to offset it
- Transportation funding gap of \$2.2 million, as the funding has not kept up with inflation over the last four years and the new formula has further reduced the funding
- Temporary accommodations grant is short of the costs by almost \$700,000

HDSB has historically focused its resources on instruction, and has underspent in areas such as board administration and school operations and maintenance. Other revenues, such as interest income, community use of facilities and international students tuition fees, have also been supporting the cost of instruction.

Given the challenges of the coming year to balance the budget and find over \$7 million in efficiencies, revenue generating initiatives or cost reductions, while maintaining alignment with the strategic priorities and investments, staff have started the budget development process in the fall of 2023. The budget development process timeline has been pushed earlier this year, with stakeholder consultations starting as early as January. The next budget discussions are planned with the Special Education Advisory Committee (SEAC) on January 9, 2024 and with the

Committee of the Whole on January 17, 2024. A budget survey will be shared with all stakeholders early in February 2024.

Multi-Year Plan Alignment

This report aligns to the Foundational element of Accountability, and indirectly supports all five strategic priorities of the Multi Year Plan, by facilitating the allocation of resources for a successful school and fiscal year for students and staff.

Financial Impact

This information report does not have a direct financial impact, however will inform the allocation of resources in the 2024-2025 year. The HDSB is facing a \$7.7 million deficit in the current year, and a regulatory requirement to balance in 2024-2025. This will have significant implications to the allocation of resources for the following year.

Respectfully submitted,

Roxana Negoi
Superintendent of Business Services and Treasurer

Curtis Ennis
Director of Education

Timelines for 2024-2025 Budget Development

October / November 2023

Education Funding Consultations

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

October 2023 to February 2024

Administrative Council budget planning meetings and workshops

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 Survey

- Staff budget meetings
- Trustee input
- SEAC input
- Stakeholder survey

March / April 2024

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 2024/2025 GSN
 - Overview of Grant Revenue Calculation (based on GSN release)
 - Review Expenditures to ensure alignment with GSN
 - Discuss restraint measures required
- Review of Accountability and Reporting Requirements
- Review Trustee Input
- Review Stakeholder Input
- Presentation/review with Board of Trustees and SEAC

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May / June 2024

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