

**APPENDIX A****WECDSB 2019-20 Budget Development**

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 Public Board Meeting	Finance	(1) Jan 7 – 11 (2) Jan 29
2	Plan	Public consultation survey issued.	Public consultation survey	Community and Finance	Feb 1 – Mar 8 (5 weeks)
3	Forecast	Enrolment forecast prepared by Human Resources and signed off by Executive Council. Forecast of staffing begins. 1 st Quarter Interim Financial Report is used to inform this step.	(1) Enrolment Forecast (2) Enrolment Sign-Off	(1) Human Resources (2) Executive Council	(1) Jan 14 – Feb 8 (4 weeks) (2) Feb 12
4	Forecast	Preliminary funding forecast prepared by Finance. Communication of anticipated budget challenges based on forecast.	(1) Preliminary Funding Forecast (2) Presentation at a Public Board Meeting	Finance	(1) Feb 11 – Feb 21 (9 days) (2) Mar 26
5	Budget	Allocation of budget envelopes (salaries/benefits, departments, capital, schools) prepared by Finance.	Preliminary Funding Forecast broken out by envelope with explanations	Finance	Feb 22
6	Budget	Preparation of departmental budgets, capital budgets, central school budget allocations and salary and benefits budget development.	(1) Departmental & central School Budget allocations (2) Preliminary Staff Allocation Forecast (3) Salary & Benefits Budget	(1) All Operating Departments (2) Human Resources (3) Finance	(1) Feb 25 – Mar 15 (3 weeks) (2) Mar 8 (3) Mar 11 – 15 (1 week)



Step	Key Budget Stage	Key Budget Activity	Deliverable(s)	Responsible for Completion	Approximate Date
7	Budget	Departmental budget submissions along with departmental listings of reductions, pressures and reallocations consolidated by Finance.	Consolidated Listing of Reductions, Pressures and Reallocations.	Finance	Mar 18 – Mar 22
8	Revise	Update Budget Outlook position. EFIS ¹ is populated and updated to reflect GSN ² announcements.	(1) Update Budget Outlook position (2) Presentation at a Public Board Meeting	Finance	(1) Mar 25 – Apr 22 (4 weeks) (2) Apr 23
9	Revise	Trustee review phase including preparation of a short-list of budget prioritization alternatives for community input.	Short-list of budget prioritization alternatives to community	Trustees	Apr 23 – May 7 (2 weeks)
10	Revise	Community consultation period.	Feedback	Community and Finance	May 7 – Jun 4 (4 weeks)
11	Revise	Draft budget documents tabled. EFIS is updated and refined. 2 nd Quarter Interim Financial Report is used to inform this step.	(1) Preparation of budget documents (2) Draft Budget tabled with Trustees (3) Report & Presentation at a Public Board Meeting	Finance	(1) Jun 5 – Jun 11 (2) Jun 11 (3) Jun 11
12	Approve	Final Board deliberations and public consultation.	(1) Budget deliberations & public consultation (2) Approved Budget	(1) Trustees and Community (2) Trustees	(1) Jun 12 – Jun 24 (2 weeks) (2) Jun 24
13	Approve	Final Board approved budget submitted to Ministry of Education through EFIS.	Submitted Budget	Finance	June 28

NOTES:¹EFIS = Education Finance Information System

²GSN = Grants for Student Needs



Operating Budget Development

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 Trustees and all Board budget owners, along with timelines for development of the Operating and Capital Budgets.

Step 2: Public consultation survey issued.

A public consultation survey is issued inviting stakeholders to provide input. Notification will be published in the Windsor Star and on the Board website. Additionally, letters and memos will be sent to Parishes and Schools to communicate to their respective communities.

Step 3: Enrolment forecast prepared by Human Resources and signed off by Executive Council. Forecast of staffing begins. 1st Quarter Interim Financial Report is used to inform this step.

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 school enrolment figures. These projections will be 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 4: Preliminary funding forecast prepared by Finance. Communication of anticipated budget challenges based on forecast.

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 and forecasted position will inform the anticipated Budget challenges for the Board during the upcoming academic year. When the final Grants for Student Needs (GSN) announcement is made in late March (during Step 8), Finance will revise the funding forecast and budget allocations and communicate any changes to impacted departments.

The report prepared at this stage will outline high level budget pressures and challenges that are expected in the upcoming fiscal year.

Step 5: Allocation of budget envelopes (salaries/benefits, departments, capital, schools) prepared by Finance.

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



Step 6: Preparation of departmental budgets, capital 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, capital 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, Human Resources will then consult with Finance so Finance can prepare the associated salary budget. Upon substantial completion of the staffing complement and salaries budget, Finance (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 and Board By-laws, developed based on the following principles:

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

The school board is facing fiscal pressures and 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 Trustee consideration should certain recommendations not be acceptable. Ideally, the reduction options prepared should 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 Trustees with the flexibility to achieve a balanced budget in compliance with the Education Act, while maintaining the system priorities of Student Achievement and Faith Formation.

Step 7: Departmental budget submissions along with departmental listings of reductions, pressures and reallocations consolidated by Finance.

After receiving individual departmental budgets and completing the salary and benefits budget, Finance will consolidate all budgets and prepare listings of reductions, pressures and reallocations.



Step 8: Update Budget Outlook position. EFIS is populated and updated to reflect GSN announcements.

The Budget Outlook position is updated at this stage. The board report issued will outline and quantify any additional budget issues identified for the upcoming fiscal year as a result of the GSN announcement. Any budget issues identified during the departmental budget development phase will also be presented.

Step 9: Trustee review phase including preparation of a short-list of budget prioritization alternatives for community input.

During an approximate two week period, Trustees will review the budget issues and prioritization alternatives. Trustees will receive potential budget options to consider should certain recommendations not be acceptable. These options will allow Trustees flexibility in achieving a final budget which is consistent with the Board's strategic priorities.

Trustee 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. Trustees will be asked to indicate which issues they are prepared to recommend, which will then be tabled with the public as a short-list of alternatives.

Step 10: Community consultation period.

Trustees will provide the public with the short-list of prioritization alternatives developed in Step 9 for public consultation. Delegates will be able to attend Public Board Meetings to provide input to Trustees and Administration (other than for appropriate in-camera matters).

Step 11: Draft budget documents tabled. EFIS is updated and refined. 2nd Quarter Interim Financial Report is used to inform this step.

Once the Trustees and the public have reviewed the issues and made their recommendations, Finance will draft the budget documents. The draft budget will be tabled for the general public, various stakeholders and the Board of Trustees.

Step 12: Final Board deliberations and public consultation.

The proposed timelines allow for Trustee budget deliberations and public consultation to occur, allowing time for any subsequent revisions required based on discussions. Final budget deliberations will include early public input so that Trustees may make timely decisions regarding final budget revisions and approval.

Step 13: Final Board approved budget submitted to Ministry of Education through EFIS.

EFIS will be finalized and submitted to the Ministry of Education by the anticipated deadline of June 28, 2019.



Capital Budget Development

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 and contain a detailed project description and 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 in the capital budget that is left unallocated to allow for some level of flexibility 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 regularly 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 (as outlined in Step 6)

Increase Categories

A. Annualizations (of previous Trustee Decisions)

Increases to the operating budget resulting from service level changes that have been quantified and approved by Trustees 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 Trustees.

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 Trustees.

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 Trustees.