



Advisory

The Council of Ontario Directors of Education (CODE) is an advisory and consultative organization composed of the CEOs of each of the 72 District School Boards in Ontario; Public, Catholic and French Language.

The Budget Development Process

What do I need to know about the budget development process?

Developing an effective and responsible budget is an important planning tool for boards in order to provide a range of necessary resources, supports and programs. The Ministry of Education makes available the required grants necessary for boards to operate; the board in turn is responsible to work within the dollars allocated and, in accordance with statutory requirements, develops a budget to deliver programs and services which reflect the needs and culture of individual communities.

Boards are required to prepare and submit an annual operating and capital budget estimating revenues and expenditures for the fiscal year which is aligned with the instructional year (September 1 to August 31).

Boards are normally required to submit their approved budget for the coming fiscal year by June 30 and are also required to file revised estimates (budget) for the current fiscal year by December 15.

Financial statements for the previous year are to be filed by November 15 of each fiscal year.

What does the Ministry of Education stipulate about the budget planning process?

The provision of programs and services in Ontario's publicly-funded elementary and secondary schools is mandated by the *Education Act* and the related regulations. This legislation and the various Ministry of Education directives and policies set out the processes, accountability measures and fiscal requirements for boards in order to operate effectively within the provisions and expectations of provincial government and local communities.

Legislation

Education Act:

Board shall adopt estimates:

232. (1) Every board, before the beginning of each fiscal year and in time to comply with the date set under clause (6) (c), shall prepare and adopt estimates of its revenues and expenses for the fiscal year.

(2) Where final financial statements are not available, the calculation of any amount for the purposes of this Act or the regulations shall be based on the most recent data available.



Links to Additional Information

www.elaws.gov.on.ca

This website will provide details and requirements of –
Regulation 160/11: Grants for Student Needs – Legislative grants for the 2011-2012 school board fiscal year

– Regulation 159/11: Calculation of Fees for Pupils – for the 2011-2012 school board fiscal year

– Regulation 158/11: Calculation of Average Daily Enrolment – for the 2011-2012 school board fiscal year

Balanced budget:

(3) A board shall not adopt estimates that indicate the board would have an in-year deficit for the fiscal year:

Exception:

(4) Despite subsection (3), a board may adopt estimates for a fiscal year that indicate the board would have an in-year deficit for the fiscal year if,

(a) the estimated in-year deficit would be equal to or less than the amount determined under subsection 231 (1);

(b) the Minister grants his or her approval for the estimated in-year deficit to be greater than the amount determined under subsection 231 (1) by the amount specified by the Minister;

(c) an in-year deficit is permitted as part of a financial recovery plan under Division C.1; or

(d) the board is subject to an order under subsection 230.3 (2) or 257.31 (2) or (3). 2009, c. 34, Schedule I, s. 4.

Minister's approval:

(5) In deciding whether to grant his or her approval for a fiscal year for the purpose of clause (4) (b), the Minister shall consider the factors set out in subsection 231 (3). 2009, c. 34, Schedule I, s. 4.

Minister's powers:

(6) The Minister may,

(a) issue guidelines respecting the form and content of estimates required under this section;

(b) require boards to comply with the guidelines; and

(c) require boards to submit a copy of the estimates to the Ministry, by a date specified for the purpose by the Minister.

Regulations:

Regulation 160/11: Grants for Student Needs – Legislative grants for the 2011-2012 school board fiscal year

Regulation 159/11: Calculation of Fees for Pupils – for the 2011-2012 school board fiscal year

Regulation 158/11: Calculation of Average Daily Enrolment – for the 2011-2012 school board fiscal year

Ministry of Education Memoranda:

Memorandum 2011:B3 – Education Funding for 2011-12

Memorandum 2011:B4 - 2011-12 Funding in addition to Grants for Student Needs

Boards are required to:

- Prepare and approve a balanced annual operating and capital budget;
- Submit the budget (estimates) in the required format to the Ministry of Education by the date as stipulated by the Minister (usually June 30th);
- Submit revised estimates in the required format to the Ministry of Education by the date as stipulated by the Minister (usually December);
- Adhere to certain budgetary requirements that are set out by the government:
 - achieve class size targets;
 - use funding for special education only for special education;
 - ensure that school renewal funding is used only for capital renewal expenditures;



- limit spending on administration and governance to what the funding allocation provides;
 - ensure that New Teacher Induction Program funding is used only to meet eligible expenditures and the program's requirements.
- The budget should reflect the requirements of any specific grants or projects as stipulated by the Ministry, such as funding allocated through Education Programs Other (EPO), including Full Day Kindergarten.

Boards and supervisory officers are expected to:

Boards and supervisory officers are expected to follow a reasonable process for development of the annual budget taking into consideration Ministry requirements, board processes and the context of the local community. Activities and timelines for the development of an annual budget are:

November

- Formulate and submit enrolment projections for next two years to the Ministry (used to develop the Grants for Student Needs (GSN) for the following year)

December

- Submit board's funding priorities and pressures to the Ministry (this is a document detailing the specific funding needs of the board with respect to the current funding model)

January

- Refine the enrolment projections based on the most current information after meeting with supervisory officers and principals (used to develop initial revenue calculations and initial staffing plans)

February

- Finalize enrolment numbers for revenue and staffing purposes in regard to Special Education, ESL etc.
- Develop initial staff allocations for each school
- Distribute department budget worksheets
- Discuss budget priorities with senior leadership team

March

- Develop salary & benefit calculations
- Receive budget proposals from various departments reflecting projects or initiatives in the board's strategic multi-year plan and in relation to specific Ministry initiatives
- Receive budget input from the board of trustees and Special Education Advisory Committee (SEAC)
- Receive budget input from stakeholders including employee groups
- Present preliminary revenue forecast to the board
- Review Ministry funding announcements, usually received in late March

April

- Review budget proposals on a regular basis with senior leadership team

May

- Finalize expenditure budget

June

- Present budget proposal to trustees
- Provide opportunity for public feedback
- Approval of budget by full board
- Submission of budget estimates to Ministry of Education

Links to Additional Information

<http://faab.edu.gov.on.ca>

The Financial Analysis and Accountability Branch (FAAB) of the Ministry of Education has primary responsibility for the administration of the grant payments to school boards under the auspices of the Grants for Student Needs legislation and for the establishment of the necessary controls related to these funds.

This web site provides information on preparing and submitting financial reports to the ministry. You will also find related information on pupil enrolment, the code of accounts, and information on compliance and financial accountability.



What are the important practices for effectiveness?

Boards can examine the effectiveness of the budget development process by considering the following practices:

1. Annual budget development process is documented, transparent, clearly communicated and provides opportunity for input from all key stakeholders including management (principals), board and the community, and supports the board's strategic and operational plans.
2. Management has adopted an integrated (at board and school levels) approach to enrolment forecasting that directs the budget process.
3. Budget development processes account for all required cost and revenue changes.
4. Staffing costs are compared with similar school boards and the funding model to ensure efficient use of resources.
5. Management identifies and considers all significant risks during the budget planning process and develops strategies to mitigate the risks of spending beyond authorized/budget levels.
6. The annual budget presented for approval demonstrates that it is linked to the board-approved goals and priorities including student achievement targets and provides useful and understandable information for all stakeholders.

How do I know that the board's budget development process is in compliance with Ministry direction and expectations?

- Boards are able to explain and demonstrate that a transparent, accountable and fiscally responsible budget has been developed according to the legislative requirements detailed in the Education Act, Ministry regulations and relevant memoranda.
- The Chief Financial Officer for the board and the director are key to the budget development process and provide leadership that is in compliance with the *Education Act*.

Where can I go for assistance?

If as a supervisory officer, I have concerns and need assistance, what should I do?

- Review concerns with your senior leadership team.
- Speak with knowledgeable colleagues who have significant experience in the area of budget development, such as your senior business official.
- Contact the Financial Analysis and Accountability Branch, Ministry of Education and/or the Council of Ontario Directors of Education.

