

Report Title: 2025-2026 Budget Update
Submitted by: Roxana Negoï, Superintendent of Business Services and Treasurer
Curtis Ennis, Director of Education
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1. Analysis

This report provides the Board of Trustees with an update on the 2025-2026 budget development process. With the provincial election on February 27, 2025, and the legislature assembly resuming duties on April 14, 2025, the release of the Core Education Funding has been delayed. The Minister of Finance is scheduled to speak about "Ontario's Plan to Protect and Grow our Economy" on May 12, 2025, at the upcoming Empire Club of Canada luncheon. It is expected that the provincial budget information will be provided at that time, with the official release of the budget shortly thereafter. It typically takes a couple of weeks for the Ministries to release details about their particular funding. Based on this information, the Core Education Funding (Core Ed) release is now anticipated towards the end of May, which could lead to the budget approval to extend into July.

The delay in the release of funding, in addition to the current economic uncertainty about the implications of tariffs, are of particular concern this year, as the Halton District School Board (HDSB) is required to balance the budget or require approval from the Minister of Education. In addition, the HDSB is in an enrolment decline position, which further reduces funding. These challenges are in addition to the current funding gaps identified with respect to supply staffing costs and the provincially negotiated sick leave plans, the federally mandated increase to CPP/EI contributions, as well as outdated funding parameters for special education and most non compensation benchmarks. During the 2024-2025 budget process, the HDSB made significant reductions in order to align expenses to the budget, and had planned for a year with less changes in order to balance the budget in 2025-2026. At this stage, it is difficult to predict if this is still feasible.

The evolving economic landscape and uncertainty about tariff implications has already started to reflect in discussions with vendors, as staff work on renewal of services and contracts. The HDSB has procured learning resources, software licenses, construction materials, furniture and equipment from the United States (US), whether directly from a US vendor or through a Canadian distributor. At the April 1, 2025 Board Meeting, Trustees approved a motion that directed the HDSB to give preference to Canadian vendors. Further, on April 7, 2025, the Province of Ontario issued a [Procurement Restrictions Policy](#) as part of the Broader Public

Sector (BPS) Procurement Directive, outlining the government's restrictions on use of US based vendors. School boards typically conduct a competitive procurement process and select vendors based on best value for money. There is a possibility that, with these restrictions, the cost of procuring goods and services will increase. Most non compensation benchmarks in the funding formula have remained unchanged since 2008, while inflation alone increased over 40% in this time span. The question remains whether the Core Education Funding benchmarks will be increased to reflect this burden on school boards.

Staff have been working diligently on developing the 2025-2026 budgeted expenses, including updated enrolment and staffing numbers. Details are provided in section 5.1 and summarized below.

HDSB's 2025-2026 Average Daily Enrolment (ADE) is projected to be 65,039.81, which is a decrease of 1,133.64 (or 1.7%) compared to the 2024-2025 Revised Estimates. This is an increase of 127.62 ADE compared to the preliminary enrolment projections submitted to the Ministry in November 2024. It is difficult to estimate the Core Ed Funding at this time without the Ministry funding forms or any information on the expected funding benchmark changes.

The total non-Provincial grant revenues is projected to be \$112.8 million, a decrease of \$29.0 million from the 2024-2025 year. The main variances include:

- \$525,000 less in investment income due to lower cash balances on hand and lower interest rates
- \$173,000 less in tuition fees due to lower fee-paying International students currently enrolled for 2025-2026
- \$308,000 more in rental income due to rate increases and increased volume of rentals
- \$922,000 more in secondments, which have matching corresponding expenses
- \$29.5 million less in Education Development Charges due to differences in land purchases between the two years - these revenues are not included for budget compliance purposes

The total preliminary 2025-2026 operating expenses is projected to be \$971.2 million, which is an increase of \$18.3 million (or 1.9%) compared to the 2024-2025 year. The main reasons for variances amongst the expense categories are:

- Salaries - Grid movements, across-the-board salary grid increases, estimated supply staff increases, and staffing complement adjustments based on enrolment
- Employee Benefits - Estimated statutory benefit and pension contribution increases, and actuarial forecasted WSIB cost increases

- Supplies and Services - Removal of \$1.8 million in roll-forward budgets for 2024-2025, removal of \$1.2 million in one-time budgets, and reallocation of \$3.9 million in facilities expenses to fees and contractual services category
- Fees and Contractual Services - Reallocation of \$3.9 million in facilities expenses, \$1.5 million contractual and operational increases in facilities expense, and \$0.8 million increase in transportation costs
- Other - Removal of Responsive Education Program (REP) budgets that have not been confirmed for 2025-2026.

HSDB's total preliminary staffing complement is projected to be 6,663.9 Full-Time Equivalent (FTE), which is a decrease of 90.4 FTE compared to the 2024-2025 year. The main reasons for the decrease are enrolment decline and removal of one-time positions.

1.1. Governance Alignment

Under the Education Act, section 232 (3) and (4) the Board of Trustees are required to approve a balanced budget, with some exceptions for a compliant budget, which would allow for an in-year deficit which could be the lesser of 1% of the provincial allocation calculation or the balance of the accumulated surplus available for compliance. This report is part of the budget development process.

2. Background

Annually, school boards are required to develop a budget that allocates available funding to address the diverse needs of the system. The key objective of the Budget Development Process is to align the allocation of resources with the Multi-Year Strategic Plan, the Special Education Plan and the School Renewal/Capital Plans; identify school-based staffing requirements; identify budget challenges and opportunities; and gather input from the various stakeholder groups.

Information about the budget process, including timelines, prior board reports and presentations are available on the public [website](#).

3. Financial Impact

Without the release of the Core Education Funding, there remain many uncertainties with regards to funding continuation, impact of any benchmark changes (or lack of changes to align to inflation and market pressures), as well as uncertainties about the continuation of timed investments. Given consideration to the position of declining enrolment and increases projected in the operating budget provided in the analysis section, it is expected that the

2025-2026 budget will be in a deficit position. Staff will continue to focus on reallocation of resources to meet student needs and priorities, as well as looking for savings and efficiencies, while being cognizant that some investments are necessary to ensure continuation of operations.

Currently, a draft budget presentation is scheduled for the Committee of the Whole on May 20, 2025, with a draft budget report to be presented to the Board of Trustees at the June 3, 2025 meeting. The delay in Core Education Funding release may require that these dates be rescheduled later into June.

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 ▾

The Board of Trustees have governance over the financial resources allocated to the Halton District School Board, and the strategic allocation to support the Multi-Year Strategic Plan in a manner that is fiscally responsible and compliant with appropriate statutes and regulations. The budget development 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. Budget consultation and feedback is an important part of the budget development process, providing input into the decision making process.

5. Attachment(s):

- 5.1. [Appendix A - Enrolment](#)
- 5.2. [Appendix B - Non-Provincial Grant Revenues](#)
- 5.3. [Appendix C - Expenses by Ministry Category](#)
- 5.4. [Appendix D - Summary of Full Time Equivalent by Ministry Category](#)

Respectfully submitted,

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