



COMMITTEE OF THE WHOLE, BUDGET PUBLIC AGENDA

Tuesday, February 2, 2021, 7:00 pm
Zoom Meeting

	Pages
1. Call to Order - Chair of Committee of the Whole, Budget	
2. Approval of Agenda	
3. Delegations	
4. Discussion Items	
4.1. Budget Planning for 2021-2022	
a. Report 21-012, 2020-2021 Revised Estimates (M. Carson)	2
b. Report 21-013, 2021-2022 Budget Process (M. Carson)	20
5. New Business - Information and Inquiries	
6. Adjournment	



COMMITTEE OF THE WHOLE (BUDGET)

Report No. 21-012

2 February 2021

2020-2021 Revised Estimates

Key Contact: Mike Carson, Chief Financial Officer, 613-596-8211 ext. 8881

PURPOSE:

1. To explain changes reflected in the District's 2020-2021 Revised Estimates as compared to the District's 2020-2021 Budget.

CONTEXT:

2. The Ministry of Education requires that school boards approve and submit annual budget estimates by the end of June preceding the beginning of a new school year. The outbreak of the COVID-19 pandemic significantly influenced the 2020-2021 budget process. The provincial government, along with organizations such as school boards and municipalities, was focused on responding to the rapidly evolving challenges in the months immediately following the start of the pandemic. Consequently, the Ministry delayed the Grants for Student Needs (GSN) funding announcement until 19 June 2020. The timeline for Board approval of the spending plan was also extended which allowed for the 2020-2021 Budget to be finalized on 26 August 2020.

The Ministry also requires that the approved budget estimates be revised after the start of the school year to reflect the financial impact resulting from actual enrolment levels. Changes in revenues and expenses not related to enrolment are also included. The update to the Board approved budget is referred to as the revised estimates.

The changes reflected in the 2020-2021 Revised Estimates include the impact of net enrolment reductions which resulted in reduced revenue, reduced revenues from Community Use of Schools (CUS), Extended Day and Child Care programs, and changes identified as part of ongoing monitoring of operations. Enhanced spending capacity provided by grants targeted to support the District's response to the COVID-19 pandemic are included in the projections as is a financial sustainability grant to offset the funding reduction due to lower enrolment.

The revised estimates are prepared relatively early in the school year. Continuing with past practice, a conservative approach has been adopted when estimating the revenues and expenses shown. The approach limits revenue estimates to the lower value of anticipated cash inflows while the expenses use the higher end of

cost estimates. The approach generally presents a worst case scenario and history shows that the District's actual results tend to be better than reported in the revised estimates.

The revised estimates anticipate the use of \$28.1 million of accumulated surplus to support operations. Much of the growth in the deficit is attributable to lower user fee revenues.

KEY CONSIDERATIONS:

3. In August 2020, the Board approved the 2020-2021 Budget authorizing expenses totaling \$1,014.2 million. Funding of the expenses was provided through grants and other revenues totaling \$996.5 million. This would result in a planned deficit of \$17.7 million.

The District's 2020-2021 Revised Estimates provide for expenses of \$1,020.9 million, revenues of \$992.8 million and a planned deficit of \$28.1 million. Table 1 compares the anticipated deficit reflected in the revised estimates with the amount originally budgeted.

Table 1 – Comparison of Revised Estimates and Budget

	Revised Estimates	Budget	Change	Change
	\$	\$	\$	%
Revenues	992,797,409	996,537,510	(3,740,101)	(0.4)
Expenses	1,020,895,262	1,014,191,165	6,704,097	0.7
Deficit	(28,097,853)	(17,653,655)	(10,444,198)	

Changes to revenues and expenses since the approval of the 2020-2021 Budget are expanded upon in Appendix A - Analysis of Changes in Revenues and Expenses. Costs by program area for the current and prior year are presented in Appendix B - Comparative Summary of Operating Expenses by Program Area. Additional detail regarding grants is provided in Appendix C - Grants for Student Needs and a list of special purpose grants is provided in Appendix D - Priorities and Partnerships Fund and Other Deferred Revenues.

4. Enrolment Estimates and Grants

The 2020-2021 Budget was developed using enrolment estimates established in early 2020. Average daily enrolment (ADE) levels have a direct impact on funding and also affect related instructional expenses. The approved budget reflected ADE of 50,894 for elementary and 23,460 for secondary (excluding high credit and adult day school enrolment).

The COVID-19 pandemic has had a significant effect on enrolment. The revised elementary ADE for 2020-2021 is 49,237 students which is a decrease of 1,657 students (3.3%) from the approved budget. Secondary day school enrolment ADE is projected to be 23,166 students which is a decrease of 294 students (1.3%) from the approved budget.

As previously mentioned, enrolment has a direct impact on various grants and in particular the Pupil Foundation Grant (PFG). This grant applies to students of the District under 21 years of age and excludes high credit and adult day school ADE. Table 2 shows that the District's PFG is \$11.5 million less than budgeted. The amount reflects decreased elementary and secondary enrolment.

Table 2 – Effect of Decreased Average Daily Enrolment on Pupil Foundation Grant

	Enrolment (Pupils of the Board)			Pupil Foundation Grant		
	Revised Estimates	Approved Budget	Change	Revised Estimates	Approved Budget	Change
Elementary	49,237	50,894	(1,657)	\$ 270,771,393	\$ 280,580,230	\$ (9,808,837)
Secondary	23,166	23,460	(294)	134,772,904	136,481,192	(1,708,288)
Total	72,403	74,354	(1,951)	405,544,297	417,061,422	(11,517,125)

Other allocations that comprise the GSN are affected by changes in enrolment and student demographics, those with the more significant changes are identified on Appendix A. Notably, the lower enrolment has resulted in the District once again qualifying for the declining enrolment allocation.

One grant that shows significant growth is the Indigenous Education grant. The District's grant is comprised of a base amount to support the Board's action plan on Indigenous education, a per pupil amount reflective of the enrolment of Indigenous students and an Indigenous studies amount which provides funding based on student enrolment in qualifying secondary panel courses. The \$1.1 million increase in funding relates to Indigenous studies where 2,867 pupil credits are anticipated as compared to the 1,900 pupil credits assumed during budget development. The increase is attributable to enrolment in compulsory English credit courses which qualify for the supplemental funding.

Special mention must be made regarding the Cost Adjustment and Teacher Qualifications and Experience grant. The grant is used to provide funding for teacher compensation relative to the provincial benchmark that is used in the PFG. It also provides funding to cover the Ministry's contributions to employee life and health trusts (ELHT). The grant shows an increase of \$1.6 million relative to the budget. The increase is comprised of two amounts:

- A \$679,726 increase in the teacher qualifications and experience allocation. The 2020-2021 Budget assumed that the qualifications and experience of teachers would result in lower average compensation costs for the District. The revised estimates reflect the actual placement of teachers on the salary grid as at 31 October 2020. The change reflects a modest increase in average costs; and
- A \$928,484 increase in ELHT funding reflective of the staff complement and funding benchmarks used to fund employee benefit costs.

In recognition of the significant decrease in anticipated enrolment shown in the revised estimates and the resulting GSN funding shortfall, the Ministry

announced that it would provide a GSN Stabilization grant. This grant tops-up the GSN enrolment-generated funding shown in the revised estimates. The effect of the grant is to provide overall GSN funding in line with that expected using the enrolment originally budgeted. This grant provides an additional \$15.3 million. The grant is separately identified on Appendix A, but it is one of the Priorities and Partnerships Fund (PPF) grants discussed in Section 5.

Appendix C compares the GSN with the approved budget and reflects the effect of revenue deferrals. GSN funding, exclusive of the GSN Stabilization grant, is expected to decrease by \$15.2 million. The additional revenue relating to minor tangible capital assets (MTCA) is discussed in Section 14.

5. **Priorities and Partnerships Fund Grants and Other Deferred Revenues**

In addition to GSN funding, the District receives special funding which targets Ministry priorities. The grants are termed PPF grants and the funding received must be used for the specified purpose. Amounts not spent are recovered by the Ministry or, if the funding agreements permit, are carried forward for use in the subsequent year. In recent years, the Ministry has announced the majority of PPF grants at the same time as the GSN; however, it is common practice to receive additional funding throughout the school year.

The District initially reports PPF grants as deferred revenue. Revenue from the grants is recognized in an amount equal to the associated expense. Certain grants from other ministries and non-government organizations are treated in a similar manner and, for this analysis, are also reported alongside the PPF grants.

A significant increase in funding from PPF grants and other deferred revenues is shown in the revised estimates. The increase, exclusive of the GSN Stabilization grant referenced in Section 4, is \$12.8 million.

Appendix D presents the amounts originally budgeted and the in-year changes. Total PPF grants and deferred revenues anticipated during the year total \$40.4 million. The spending impacts are reflected in the changes shown in subsequent sections.

It is important to highlight that PPF grants are temporary, and often project-based, meaning that the funding may not be received in subsequent years. Although the grants may require the creation of a position, they quite often are used to purchase goods and services or to pay for casual staff to backfill established positions while employees participate in identified priorities. That said, the COVID-related grants have added significant temporary staffing to support students in the classroom and to promote a healthy workplace.

6. **Compensation-Related Instruction Costs**

Compensation-related instruction costs are those incurred in meeting the needs of students in the classroom. Examples of staff whose costs are reported in the Instruction category include classroom teachers, school-based administrators, learning consultants and professional and support staff such as psychologists, educational assistants (EAs) and early childhood educators (ECEs).

The forecast of compensation-related instruction costs shows that an overall increase of \$8.2 million is likely in comparison to the 2020-2021 Budget. A number of factors have contributed to this net cost pressure:

- Increase of \$2.3 million resulting from the realignment of supplemental COVID grants that had originally been reported as a non-operating cost in the approved budget;
- Additional COVID-support grants totalling \$7.8 million which have been identified to support additional elementary teachers, virtual school administration and additional student supports and supervision;
- Additional Board-funded COVID-support costs of \$2.9 million for elementary teachers to support virtual schools and in-person instruction;
- Savings of \$4.3 million resulting from reduced secondary enrolment and optimization of class sizes; and
- Net other savings of \$557,176.

7. **Teacher Absences**

Occasional teachers (OTs) provide coverage when teachers are absent due to illness or to attend medical appointments. In addition, OTs provide coverage when teachers are attending certain professional development and student support activities on a school day.

For the revised estimates, the District has assumed supply teaching costs of \$23.4 million, which is \$6.0 million more than budgeted. Of this pressure, \$4.6 million has been identified as being the potential cost of absences and of the incremental needs resulting from pandemic-related safety protocols.

It is important to note that OTs are also used to staff vacant contract teaching positions, but that such costs are reported in the Instruction category.

OT use will continue to be monitored as will the continued promotion of a healthy workplace that fosters employee well-being and improved student outcomes. Monitoring will also help differentiate between COVID and non-COVID costs.

8. **International Students**

The Ottawa-Carleton Education Network (OCENET) is a not-for-profit organization that offers international students the opportunity to learn alongside the District's students. OCENET helps prospective students to submit their applications and fees and also supports their transition into the school and community. Fees collected cover OCENET's administrative costs and approximately 60% of the fee is remitted to the District. The percentage is an estimate of the amount of tuition fees necessary to support instruction-related costs.

The District's 2020-2021 Budget reflected revenue of over \$7.3 million based on 454 students. The revised estimates reflect anticipated revenue of just over \$6.4 million based on 363 students. Reduced enrolment of 91 students accounts for a \$1.1 million revenue decrease. The decrease in revenue as a result of reduced enrolment is partially offset by an anticipated increase of \$231,100 in payments from OCENET to cover facility costs.

Administrative fees paid to OCENET by the District are reported as a fee in the Instruction category. These costs are expected to increase by \$209,234 to \$2.7 million.

9. **Other Instruction-Related Costs**

Other instruction-related costs are those that are not specifically identified elsewhere in the report, but which form part of the overall spending classified as Instruction. It is common practice to combine the spending reported under the Staff Development, Supplies and Services category with the Fees, Contractual and Rentals category. Combining the categories recognizes that the budget traditionally does not align with the ultimate reporting of costs.

On a combined basis, the costs represent an overall increase relative to the budget of \$501,890.

The largest contributor to the increase is the realignment of \$528,561 provided by a supplemental COVID grant which will be used to support technology costs. The grant had originally been reported as a non-operating cost in the approved budget. This amount was offset by various adjustments in arriving at the reported increase.

10. **Student Transportation**

Transportation of the District's students is provided by the Ottawa Student Transportation Authority (OSTA). Amounts reflected in the 2020-2021 Budget were based on information received from OSTA. The estimates have been updated and costs are expected to be \$5.0 million less than budgeted. There are two components to this net cost decrease:

- \$6.9 million in savings resulting from lower transportation costs in both large and small bus contracts as well as a reduced need for student transit passes. This change reflects the pandemic's impact on transportation decisions for students attending in-person learning and the effect of virtual schools; and
- \$1.9 million increased spending capacity provided by a COVID-support grant. The grant is intended to address increased costs relating to bus drivers, cleaning, and protective equipment. Full utilization is assumed.

Transportation expenses of \$41.9 million are shown in the revised estimates.

11. **Facility Operations**

Spending on school facilities represents the largest operating cost category outside of the instruction envelope. Projected compensation costs have remained relatively stable and show a \$2.7 million increase, all of which is the result of the realignment of COVID grants that had been shown as a non-operating cost and the additional spending capacity provided by grants announced after the approval of the budget.

Non-compensation costs have increased by close to \$5.4 million. The significant contributors to this amount include the following increases:

- The realignment of \$510,786 in supplemental COVID grants that had originally been reported as a non-operating cost in the approved budget;
- \$1.7 million to enhance classroom ventilation to reduce possible infections as a result of the COVID-19 virus lingering in an airborne state;
- \$866,670 to support the acquisition of additional supplies and equipment to promote a healthy learning and working environment;
- \$1.1 million for additional costs to relocate portables during the year; and
- \$1.2 million for additional school renewal maintenance needs such as roof and floor repairs, masonry work and supporting consulting services.

A review of the costs in this area may provide an opportunity to reduce the projected deficit. For example, school renewal projects may be deemed to be operating or capital expenses depending on the nature of the work. Changes to the work plan to ensure that more of the planned projects qualify as a capital expense will relieve the anticipated increase in operating costs and make greater use of capital funding allocations.

12. **Other Non-Instruction Costs**

Other non-instruction costs relate to the activities of the Continuing Education department and central administrative departments.

Continuing Education programs are supported by specific funding, including funding from the federal government and various government ministries. Compensation costs shown in the revised estimates are \$226,756 less than budgeted while supplies and services costs remain unchanged.

Central departments show increased compensation costs of \$292,888 as a result of actuarial estimates of employee future benefit costs while supplies and services costs have increased by \$50,000 to support increased translation needs.

The realignment of \$5.2 million in supplemental COVID grants that had been reported as a non-operating cost in the approved budget is also part of the net non-compensation cost reduction.

13. **Deferred Capital Contributions and Amortization Expenses**

Funding received for the purpose of acquiring or developing a depreciable tangible capital asset is termed a deferred capital contribution (DCC). Such contributions are recognized as revenue at the same rate as the related tangible capital asset is amortized into expense. Straight-line amortization is based on the remaining service life (RSL) of the asset.

In addition to the contributions discussed above, certain capital projects are supported internally through the use of the District's accumulated surplus. Internally supported tangible capital assets are amortized into expense in the same manner as those supported by contributions from others, but there is no related revenue. Examples of such assets are new portables and major improvements to administrative buildings.

Various capital projects will be completed and a variety of capital assets will be acquired during the year. In addition, adjustments to incorporate prior year actual results are reflected. These items increase the net value of the tangible capital assets managed by the District. In accordance with accounting requirements, the amortization of an asset's value commences immediately upon completion of the capital project. This has a direct impact on both revenues and expenses.

The approved budget projected amortization expenses of \$56.8 million and related revenues of \$56.1 million. The revised estimates show \$56.2 million in expenses which is supported by \$55.8 million in revenues. Expenses have decreased by \$518,930 and revenues have decreased by \$312,655.

14. **Minor Tangible Capital Assets**

A portion of the annual GSN is budgeted for the acquisition of MTCA such as furniture, equipment and computers. If the funds are not required for capital purposes, they are reported as operating revenue and support overall operating costs. In total, \$969,383 previously identified as operating revenue will instead be set aside for the acquisition of MTCA.

The revised estimates also reflect the anticipated use of \$1.8 million of the accumulated surplus to support capital investments in new classroom portables and for upgrades at the 133 Greenbank Road Administration Building and the Confederation Education Centre. The use of accumulated surplus for these investments is compliant with Ministry requirements, but it does not directly affect the amounts reported in the operating analysis because they are reported as a capital expense. Requests to proceed with underlying projects and the use of accumulated surplus will be submitted for approval according to Board policy.

15. **Extended Day Program**

The Extended Day Program (EDP) commenced operations in 2010. Significant growth in the program ensued and it now operates District-run programs in 66 schools and, prior to the pandemic, served approximately 5,500 children. The program is closely tied to the operations of the District's kindergarten programs. In fact, ECEs who staff the EDP, before and after school, also partner with teachers during the core day to provide the kindergarten program.

Participation in the program continued to be strong prior to the pandemic. Unfortunately, a significant decrease in the number of students attending the program has occurred following the outbreak and this has continued into the current year. The program is currently operating with approximately 1,400 students representing 25% of pre-pandemic participation rates. The reduction in student participation, including lower participation on days where full care is provided, has substantially contributed to the reduction in program revenues. The projected revenue decrease would have been higher in the absence of the COVID-support grants totaling \$2.5 million.

Costs of the program have also changed, but not in direct proportion to the decrease in revenues. A net decrease in compensation costs totaling \$5.0 million is anticipated. The savings are a direct result of lower demand, but are also influenced by mandated staffing levels and program operation.

The budget for supplies and services has also decreased by \$665,912 or 35%. Again, the lower participation rates have reduced the costs of program supplies, including the expenses associated with snacks.

Table 3 shows the original budget and revised estimates by category. The program is expected to have a large deficit for the year in the absence of additional support. To that end, staff continues to work with the Ministry and the City of Ottawa to obtain financial sustainability funding determined in the same manner as last year. This funding would substantially reduce or eliminate the projected deficit.

Table 3 – Extended Day Program Comparative Amounts

	Revised Estimates	Budget	Change
	\$	\$	\$
Revenues			
Direct Revenues	6,683,063	17,888,719	(11,205,656)
Benefit Trust Allocation	393,174	598,665	(205,491)
	7,076,237	18,487,384	(11,411,147)
Expenses			
Compensation	11,544,378	16,536,002	(4,991,624)
Administrative Transfers (Comp)	588,144	588,144	-
Supplies and Services	360,590	1,026,502	(665,912)
Facility Transfers (Supplies)	333,573	333,573	-
	12,826,685	18,484,221	(5,657,536)
Surplus (Deficit)	(5,750,448)	3,163	(5,753,611)

The revenue decrease shown includes a \$205,491 reduction relating to the internally allocated funding provided by the Ministry to defray employee benefit costs. Actual funding is received through the GSN.

A comprehensive analysis of the costing methodology and participation rates was recently completed. The information was used in determining the recommended fees presented in Report 21-015, Extended Day Program and Infant, Toddler, Preschool Program Daily Fee Rates for the 2021-2022 School Year.

16. **Child Care Program**

The Infant, Toddler and Preschool (ITP) program operates at two sites and provides 96 licensed child care spaces.

The ITP program is eligible for general operating (GO) funding. GO funding is the grant provided to licensed not-for-profit child care programs by the City of Ottawa and covers direct operating, pay equity, and wage enhancement grants. The program also derives revenue from user fees and child care subsidies.

Table 4 shows the original budget and revised estimates by category. Similar to the EDP challenges, the revenues and expenses have both been updated to reflect the impact of reduced participation following the outbreak of the pandemic.

Currently, 67 children are receiving services which accounts for the revenue loss. The District is also pursuing additional financial sustainability funding to support the program.

Table 4 – Child Care Program Comparative Amounts

	Revised Estimates	Budget	Change increase (decrease)
	\$	\$	\$
Revenues			
Direct Revenues	1,439,653	1,791,000	(351,347)
Benefit Trust Allocation	47,432	-	47,432
	1,487,085	1,791,000	(303,915)
Expenses			
Compensation	1,890,508	1,913,527	(23,019)
Supplies and Services	125,000	135,000	(10,000)
	2,015,508	2,048,527	(33,019)
Deficit	(528,423)	(257,527)	270,896

The revenue decrease shown is partially offset by \$47,432 relating to the internally allocated funding provided by the Ministry to defray employee benefit costs. Actual funding is received through the GSN.

17. **Benefit Plan Surplus and Other Net Revenue Adjustments**

The 2020-2021 Budget reflected a provision of over \$3.2 million relating to the return of surplus funds that had been held by the District's former employee benefits plan administrator to support benefit claims during the transition to ELHTs. The revised estimates reflect that only \$2.4 million is expected which is a decrease of \$825,000. The reduction reflects the surplus sharing provisions that were incorporated into the centrally-bargained collective agreements. The employee share of the surplus will be distributed to respective ELHTs.

CUS oversees the public's after-hours use of school facilities such as gymnasiums and sports fields. The pandemic has resulted in a significant revenue loss as a result of the cancellation of these activities and revenues are expected to be \$2.7 million less than expected.

Other net revenue adjustments account for a revenue decrease of \$264,236. The reduction is primarily the result of lower participation in the Language Instruction for Newcomers to Canada (LINC) program and the refinement of revenue estimates.

18. **Accumulated Surplus**

An accumulated surplus is the excess of revenues over expenses that has resulted over time.

The *Education Act* allows the Board to use its accumulated surplus to balance its operating budget, but it also restricts the use in any school year to 1% of the operating grants provided by the Ministry. For the 2020-2021 Revised Estimates, this amount is \$8.7 million. However, the Ministry has allowed the use of an

additional 1% to respond to COVID-related needs. Approval to use accumulated surplus in excess of 2% must be obtained from the Ministry.

Table 5 presents the components of accumulated surplus and shows the anticipated use of \$28.1 million and the proposed alignment of accumulated surplus at the end of the year.

Table 5 – Accumulated Surplus Available for Compliance

	Projected as at 31 Aug 2021	Actual as at 31 Aug 2020	Change increase (decrease)
	\$	\$	\$
Available for compliance			
Restricted-committed capital	9,265,435	7,950,687	1,314,748
Internally appropriated			
Extended Day Program	(5,601,161)	677,710	(6,278,871)
Budgets carried forward	-	3,938,107	(3,938,107)
Business Systems	500,000	2,000,000	(1,500,000)
Contingencies	5,000,000	17,200,000	(12,200,000)
Unappropriated	2,510,181	8,005,804	(5,495,623)
	11,674,455	39,772,308	(28,097,853)

The District is not compliant with Ministry requirements as a result of the pandemic's impact on revenues, particularly the revenue shortfalls relating to CUS and the Extended Day and Child Care programs. The Ministry is aware of the current projected deficit and is continuing its review of the information submitted by the District.

19. **In-Year Deficit Elimination Plan**

The Ministry's requirement for the Board to approve a deficit elimination plan when a district is projecting an adjusted in-year deficit has been waived for this year. Despite this exemption, staff continues its work to ensure that the proposed deficit spending continues to be supported by the Ministry. As part of the ongoing efforts, the District is looking to secure additional funding to defray lost revenues, maximize the use of PPF grants, and to minimize or defer discretionary expenses, where appropriate.

Any reduction in the projected deficit will have a beneficial effect on the financial resources held as accumulated surplus. A higher balance in these reserves will provide more flexibility when responding to challenges in the coming years.

20. **Summary**

The District's 2020-2021 Revised Estimates include the impact of net enrolment changes and funding stabilization supports, changes in staffing and other costs supported by targeted COVID-response grants, and reductions in revenues relating to a number of programs including EDP, ITP, CUS and OCENET.

The revised estimates show expenses of \$1,020.9 million, revenues of \$992.8 million and a projected deficit of \$28.1 million.

RESOURCE IMPLICATIONS:

21. The District's 2020-2021 Budget showed a planned deficit of \$17.7 million. The District's 2020-2021 Revised Estimates show a planned deficit of \$28.1 million. The deficit is not compliant with the Ministry's budget compliance framework; however, staff continues its work to further reduce the deficit and to ensure that the proposed spending continues to be supported by the Ministry.

COMMUNICATION/CONSULTATION ISSUES:

22. The 2020-2021 Revised Estimates were prepared by Finance staff in consultation with other departments.

STRATEGIC LINKS:

23. The 2019-2023 Strategic Plan calls for the development of a culture of social responsibility with the stated goal of fostering "progressive stewardship of the environment, and human and financial resources." Development and approval of an annual budget is a key component of strong governance and financial stewardship. Monitoring actual performance in relation to the Board's approved budget allows staff to identify opportunities to reallocate resources to address emerging needs and to respond to changes in revenue streams and expense patterns.

GUIDING QUESTIONS:

24. The following questions are provided to support the discussion of this item:
- Does the analysis explain the significant changes in revenues and expenses?
 - Are steps being taken to mitigate adverse financial impacts and to leverage opportunities that were identified during the preparation of the analysis?

Mike Carson
Chief Financial Officer

Camille Williams-Taylor
Director of Education and Secretary of
the Board

Appendices:

Appendix A – Analysis of Changes in Revenues and Expenses
 Appendix B – Comparative Summary of Operating Expenses by Program Area
 Appendix C – Grants for Student Needs
 Appendix D – Priorities and Partnerships Fund and Other Deferred Revenues

	Report Reference	Revised Estimates
		\$
Planned Deficit in Original Estimates		(17,653,655)
Revenues Increase (Decrease)		
Grants for Student Needs		
Pupil Foundation	4	(11,517,125)
School Foundation	4	(1,107,968)
Special Education	4	(2,324,690)
Language	4	(2,492,400)
Learning Opportunity	4	(948,437)
School Operations	4	(1,873,446)
Indigenous Education	4	1,141,828
Cost Adjustment and Qualifications and Experience	4	1,608,210
Transportation	4	(410,555)
Minor Tangible Capital Assets	4,14	(969,383)
Declining Enrolment	4	3,547,090
Net Other (ECE Cost, NTIP, Program Leadership, etc.)	4	97,224
		(15,249,652)
Other Revenue		
Priorities and Partnerships Fund GSN Stabilization Grant	4,5	15,314,728
Priorities and Partnerships Fund and Other Deferred Revenues	5	12,781,395
International Student Fees (OCENET)	8	(911,350)
Amortization of Capital Assets	13	(312,655)
Extended Day Program	15	(11,205,656)
Child Care Program	16	(351,347)
Share of Former Employee Benefits Plan Surplus	17	(825,000)
Property Leases and Short-Term Rentals	17	(2,716,328)
Other Net Revenue Adjustments	17	(264,236)
		11,509,551
Total Decrease in Revenues		(3,740,101)
Expenses (Increase) Decrease		
Compensation Costs		
Compensation-Related Instruction Costs	6	(8,205,476)
Teacher Absences	7	(6,000,000)
Facilities	11	(2,694,002)
Other Non-Instruction	12	(66,132)
Extended Day Program	15	4,991,624
Child Care Program	16	23,019
		(11,950,967)
Non-Compensation Costs		
International Student Fees (OCENET)	8	(209,234)
Other Instruction	9	(501,890)
Student Transportation	10	4,998,897
Facilities	11	(5,359,294)
Other Non-Instruction	12	5,123,549
Amortization of Capital Assets	13	518,930
Extended Day Program	15	665,912
Child Care Program	16	10,000
		5,246,870
Total Increase in Expenses		(6,704,097)
Projected Deficit	18	(28,097,853)

Ottawa-Carleton District School Board

Comparative Summary of Operating Expenses by Program Area
2020-2021 Revised EstimatesAppendix B
to Report 21-012

In \$ Millions EXPENSE CATEGORY	2020-21						2019-20					
	Budget	Revised Estimates	YTD Dec 2020	Year End Forecast	Variance		Budget	Revised Estimates	YTD Dec 2019	Year End Actual	Variance	
					Revised minus Budget	Change from Budget					Revised minus Budget	Change from Budget
Instruction												
Salaries and Benefits	686.6	694.8	228.4	694.8	8.2	1.2%	658.8	657.4	206.7	658.2	(0.6)	-0.1%
Salaries and Benefits (Occasional Teachers)	17.4	23.4	10.3	23.4	6.0	34.5%	17.0	18.0	8.3	17.7	0.7	4.2%
Staff Development, Supplies and Services	30.1	30.5	12.3	30.5	0.4	1.5%	27.3	27.4	11.0	16.4	(10.8)	-39.8%
Fees, Contractual and Rentals	8.4	8.6	4.2	8.6	0.3	3.2%	10.4	10.4	4.5	13.1	2.7	26.2%
Instruction Sub-Total	742.3	757.2	255.2	757.2	14.9	2.0%	713.5	713.3	230.5	705.5	(8.0)	-1.1%
Continuing Education												
Salaries and Benefits	10.0	9.7	2.7	9.7	(0.2)	-2.3%	10.7	10.5	3.0	10.1	(0.6)	-5.6%
Staff Development, Supplies and Services	0.5	0.5	0.1	0.5	-	0.0%	0.5	0.6	0.2	0.3	(0.2)	-46.4%
Fees, Contractual and Rentals	0.5	0.5	0.2	0.5	-	0.0%	0.5	0.5	0.2	0.4	(0.1)	-17.0%
Continuing Education Sub-Total	10.9	10.7	3.0	10.7	(0.2)	-2.1%	11.6	11.5	3.3	10.7	(0.9)	-7.9%
Transportation												
Salaries and Benefits	1.3	1.3	0.6	1.3	0.0	0.0%	1.2	1.2	0.5	1.4	0.2	13.4%
Staff Development, Supplies and Services	0.5	2.3	0.3	2.3	1.9	408.1%	0.4	0.4	0.2	0.4	(0.0)	-2.3%
Fees, Contractual and Rentals	45.1	38.3	22.3	38.3	(6.9)	-15.2%	44.5	44.5	17.7	38.4	(6.0)	-13.6%
Transportation Sub-Total	46.9	41.9	23.2	41.9	(5.0)	-10.7%	46.0	46.1	18.4	40.2	(5.9)	-12.8%
School Facilities												
Salaries and Benefits	54.2	56.9	16.9	56.9	2.7	5.0%	51.6	51.8	17.3	52.3	0.7	1.4%
Staff Development, Supplies and Services	26.4	29.5	8.8	29.5	3.1	11.6%	24.9	25.4	8.9	23.3	(1.5)	-6.2%
Fees, Contractual and Rentals	9.0	9.0	6.7	9.0	-	0.0%	8.5	10.0	7.1	8.4	(0.1)	-0.8%
Other/Temporary Pupil Accommodation	1.9	3.0	0.8	3.0	1.1	56.9%	1.9	3.0	1.0	2.5	0.6	31.5%
Interest Charges on Capital	4.1	4.1	2.1	4.1	-	0.0%	4.3	4.3	2.2	4.3	-	0.0%
School Facilities Renewal Expense	5.1	6.3	7.1	6.3	1.2	23.8%	5.1	5.7	8.6	6.3	1.2	23.7%
School Facilities Sub-Total	100.7	108.7	42.3	108.7	8.1	8.0%	96.3	100.1	45.2	97.2	0.9	0.9%
Central Administration												
Salaries and Benefits	17.7	18.0	5.8	18.0	0.3	1.7%	17.2	17.4	5.8	17.9	0.6	3.6%
Staff Development, Supplies and Services	2.1	2.1	2.8	2.1	-	0.0%	2.1	2.1	1.2	3.1	1.0	48.0%
Fees, Contractual and Rentals	1.8	1.9	0.5	1.9	0.1	2.8%	2.1	1.9	0.6	1.2	(0.8)	-39.5%
Central Administration Sub-Total	21.6	21.9	9.1	21.9	0.3	1.6%	21.4	21.5	7.6	22.3	0.8	3.9%

Ottawa-Carleton District School BoardComparative Summary of Operating Expenses by Program Area
2020-2021 Revised EstimatesAppendix B
to Report 21-012

In \$ Millions EXPENSE CATEGORY	2020-21						2019-20					
	Budget	Revised Estimates	YTD Dec 2020	Year End Forecast	Variance		Budget	Revised Estimates	YTD Dec 2019	Year End Actual	Variance	
					Revised minus Budget	Change from Budget					Revised minus Budget	Change from Budget
Other												
Extended Day Program Compensation	17.1	12.1	4.2	12.1	(5.0)	-29.1%	16.3	15.2	4.7	15.1	(1.2)	-7.5%
Extended Day Program Supplies/Int Svcs	1.4	0.7	0.2	0.7	(0.7)	-49.0%	1.4	1.1	0.2	0.7	(0.6)	-45.4%
Child Care Program Compensation	1.9	1.9	0.6	1.9	(0.0)	-1.2%	1.9	1.9	0.5	1.8	(0.1)	-3.9%
Child Care Program Supplies/Int Svcs	0.1	0.1	0.1	0.1	(0.0)	-7.4%	0.1	0.1	0.0	0.1	(0.1)	-55.1%
Recoverable Compensation (Secondments)	6.6	6.6	2.9	6.6	-	0.0%	7.3	7.3	2.3	6.8	(0.5)	-6.8%
COVID Response, Legal Provisions	5.4	0.2	-	0.2	(5.2)	-96.3%	-	-	-	0.2	0.2	n/a
Fifty-Five Board Trust (Capital and Interest)	2.5	2.5	-	2.5	-	0.0%	2.5	2.5	-	2.5	-	0.0%
Other Sub-Total	35.0	24.2	8.0	24.2	(10.9)	-31.0%	29.5	28.1	7.7	27.2	(2.3)	-7.8%
Amortization												
Ministry Approved Projects	56.1	55.8	18.8	55.8	(0.3)	-0.6%	61.8	56.9	15.3	50.7	(11.0)	-17.9%
Board Approved Projects	0.7	0.5	0.2	0.5	(0.2)	-31.2%	0.1	0.4	0.2	0.3	0.2	302.4%
Amortization Sub-Total	56.8	56.2	18.9	56.2	(0.5)	-0.9%	61.8	57.2	15.5	51.0	(10.8)	-17.5%
Grand Total	1,014.2	1,020.9	359.8	1,020.9	6.7	0.7%	980.2	977.8	328.1	954.0	(26.2)	-2.7%

Finance 2021.01.20 (numbers may not add due to rounding)

	2020-21 Budget	2020-21 Revised Estimates	Revised Estimates minus Budget incr (decr)
	\$	\$	\$
Revenue			
Pupil Foundation	417,061,422	405,544,297	(11,517,125)
School Foundation	54,326,824	53,218,856	(1,107,968)
Special Education	103,140,937	101,284,253	(1,856,684)
Language	36,647,317	34,154,917	(2,492,400)
Rural and Small Community Allocation	197,694	197,694	-
Learning Opportunity	20,113,906	19,165,469	(948,437)
Adult Education, Continuing Education and Summer School	6,987,933	7,086,031	98,098
Cost Adjustment and Qualifications and Experience	79,153,040	80,761,250	1,608,210
ECE Qualifications and Experience Allocation	3,776,930	3,948,159	171,229
New Teacher Induction Program (NTIP)	675,500	569,709	(105,791)
Restraint Savings	(279,158)	(279,158)	-
Transportation	43,537,476	43,126,921	(410,555)
Administration and Governance	20,304,976	19,954,744	(350,232)
School Operations	79,947,129	78,073,683	(1,873,446)
Community Use of Schools	1,073,525	1,073,525	-
Declining Enrolment Adjustment	-	3,547,090	3,547,090
Indigenous Education Allocation	3,054,479	4,196,307	1,141,828
Mental Health and Well-Being (Safe and Accepting)	2,569,591	2,535,942	(33,649)
Supports for Students Fund	6,871,859	6,871,859	-
Program Leadership	998,303	998,303	-
Permanent Financing of NPF (Board 55 Trust)	2,523,115	2,523,115	-
Support for COVID-19 Outbreak Allocation	-	711,084	711,084
	<u>882,682,798</u>	<u>869,264,050</u>	<u>(13,418,748)</u>
Revenue Deferrals			
Minor Tangible Capital Assets (MTCA) Allocation	(22,067,070)	(21,731,601)	335,469
Rural and Northern Education Fund	(197,694)	(197,694)	-
Special Education	(103,140,937)	(101,284,253)	1,856,684
Library Staffing	(243,049)	(243,049)	-
Targeted Student Supports Envelope	(5,875,262)	(4,947,093)	928,169
Indigenous Education	(773,168)	(753,929)	19,239
Experiential Learning Envelope	(1,315,606)	(1,295,338)	20,268
Mental Health Workers Envelope	(576,656)	(576,656)	-
	<u>(134,189,442)</u>	<u>(131,029,613)</u>	<u>3,159,829</u>
Deferred Revenue Recognition and Adjustments			
Special Education	102,186,423	99,861,733	(2,324,690)
Library Staffing	243,049	243,049	-
Targeted Student Supports Envelope	5,875,262	4,947,093	(928,169)
Indigenous Education	773,168	753,929	(19,239)
Experiential Learning Envelope	1,315,606	1,295,338	(20,268)
Mental Health Workers Envelope	576,656	576,656	-
Minor Tangible Capital Assets (MTCA) Allocation	9,272,672	7,967,820	(1,304,852)
School Renewal (Operating)	5,087,333	5,087,333	-
Interest on Capital Projects	4,501,263	4,337,575	(163,688)
Temporary Accommodation (Portables)	1,228,470	1,228,470	-
Rural and Northern Education Fund	229,827	-	(229,827)
Trustees' Association Fee	43,316	43,316	-
	<u>131,333,045</u>	<u>126,342,312</u>	<u>(4,990,733)</u>
Total Operating and Capital Support GSN	<u>879,826,401</u>	<u>864,576,749</u>	<u>(15,249,652)</u>

	2020-21 Budget	Changes	2020-21 Revised Estimates
	\$	\$	\$
Priorities and Partnerships Fund			
General			
After School Skills Development	138,500	-	138,500
Austism Additional Qualification Subsidy	50,000	100,000	150,000
Autism Pilot Project	34,000	-	34,000
Physical Activity through Cricket Program (by Application)	12,500	-	12,500
First Nations, Metis & Inuit Studies	69,600	(69,600)	-
Focusing on Fundamental Mathematics	1,236,000	-	1,236,000
French as a Second Language	-	313,683	313,683
Graduation Coach Program (Pilot for Black Students)	224,162	-	224,162
Human Rights and Equity Advisor	170,430	-	170,430
Indigenous Graduation Coach	-	65,517	65,517
Mental Health and Well-Being	90,482	-	90,482
Parents Reaching Out	39,986	-	39,986
Specialist High Skills Major	367,548	(14,775)	352,773
Transportation Funding for Children and Youth in Care	192,193	-	192,193
	<u>2,625,401</u>	<u>394,825</u>	<u>3,020,226</u>
COVID-Related			
GSN 2 - Mental Health Supports (COVID)	198,891	(198,891)	-
GSN 1 - Allocation for Technology-Related Costs (COVID)	528,561	(528,561)	-
TPA 1 - Schedule C -Enhanced Cleaning Supplies	140,798	-	140,798
TPA 2 - Schedule B-Additional Mental Health Supports	198,891	144,876	343,767
TPA 2 - Schedule C-Special Education	265,217	144,875	410,092
TPA 3 - Project B1-Additional Custodial Staff	1,816,446	-	1,816,446
TPA 3 - Project B2-Health & Safety Training	369,988	-	369,988
TPA 3 - Project B3 (i)-Additional Teachers	1,301,325	-	1,301,325
TPA 3 - Project B4-Remote Learning	552,323	-	552,323
TPA 3 - Project B5-Additional Non-Permanent Teachers	-	2,147,532	2,147,532
TPA 3 - Project B6-Additional Funding for Remote Learning	-	1,089,445	1,089,445
TPA 3 - Project B7-School Reopening Emerging Issues	-	3,242,261	3,242,261
TPA 3 - Project B8-Funding for High Priority Areas	-	2,801,382	2,801,382
TPA 4 - Project B1-Ventilation	-	1,681,500	1,681,500
TPA 4 - Projects B2 and B3-Transportation	-	1,877,130	1,877,130
	<u>5,372,440</u>	<u>12,401,549</u>	<u>17,773,989</u>
GSN Stabilization Funding	-	15,314,728	15,314,728
	<u>5,372,440</u>	<u>27,716,277</u>	<u>33,088,717</u>
Total Priorities and Partnerships Fund	7,997,841	28,111,102	36,108,943
Other Deferred Revenues			
Literacy and Basic Skills (Advanced Education & Skills Dev)	832,665	(103,811)	728,854
English as a Second Language (Citizenship & Immigration)	1,707,817	35,000	1,742,817
Ottawa Network for Education (ONFE) Breakfast Program	601,926	(21,926)	580,000
Ontario Works	558,261	(42,190)	516,071
Ontario Early Years Child & Family Centre	563,952	12,948	576,900
CODE Summer Learning Program	-	105,000	105,000
	<u>4,264,621</u>	<u>(14,979)</u>	<u>4,249,642</u>
Total	<u>12,262,462</u>	<u>28,096,123</u>	<u>40,358,585</u>



COMMITTEE OF THE WHOLE (BUDGET)

Report No. 21-013

2 February 2021

2021-2022 Budget Process

Key Contact: Mike Carson, Chief Financial Officer, 613-596-8211 ext. 8881

PURPOSE:

1. To present information on the issues affecting the 2021-2022 budget cycle and to provide the timelines and processes.

CONTEXT:

2. The District operates on a fiscal year that runs from 1 September to 31 August. Prior to the start of each fiscal year, and in compliance with the *Education Act*, the Board is required to approve a budget before the end of June that articulates how the District will use its resources to meet the needs of its students and the broader school community.

The outbreak of the COVID-19 pandemic significantly influenced the 2020-2021 budget process. The provincial government, along with organizations such as school boards and municipalities, was focused on responding to the rapidly evolving challenges in the months immediately following the start of the pandemic. Consequently, the Ministry of Education delayed the Grants for Student Needs (GSN) funding announcement until 19 June 2020. The timeline for Board approval of the spending plan was also extended which allowed for the 2020-2021 Budget to be finalized on 26 August 2020.

Planning for the 2021-2022 fiscal year has already commenced. Preliminary guidance from the Ministry is to expect a return to the normal budget approval timeline required by the *Education Act* and to assume that the enhanced funding and deficit spending authority provided in response to the pandemic will be discontinued. However, it is quite possible that additional time and continued funding may be provided given the ongoing need to ensure safe learning and work environments.

Several budget meetings will be scheduled during the months of May and June 2021. The meetings will provide the public with an opportunity to comment on the recommended spending plan and also allow Committee of the Whole Budget (COW Budget) to refine the allocation of resources in alignment with District priorities. Staff anticipates that the 2021-2022 Budget will be approved no later than 30 June 2021.

The discussion at the 2 February 2021 meeting is designed to share the proposed timeline and to discuss how the budget information and debate can be aligned with the objectives presented in the 2019-2023 Strategic Plan, a copy of which is attached as Appendix A.

KEY CONSIDERATIONS:

3. Budget Development Schedule

An important consideration when developing the District's budget schedule is the need to ensure that committee members have sufficient time to consider staff's approach and recommendations and allow time for public consultation to occur.

As previously noted, the provincial guidance is that the District's 2021-2022 Budget must be approved by the Board by the end of June 2021. To meet this timeline, key meeting dates for the budget process are being considered and will be reflected in the 2020-2021 Board calendar once confirmed. These tentative dates are:

2 February 2021	Update on budget development and emerging issues
3 March 2021	Discussion report on academic staffing
24 March 2021	Approval of academic staffing
4 May 2021	Update, including information on GSN
26 May 2021	Presentation of the staff-recommended budget
1 June 2021	Public delegations, budget debate commences
9 June 2021	Budget debate continues
15 June 2021	Budget debate (if required) and recommendations to Board
22 June 2021	Board Approval of staff-recommended budget

The approval of the academic staffing recommendations represents an important budget decision. The approval will commit approximately 60% of operating costs in advance of having confirmed the funding that is available to support all budget needs. In past years, the decisions have been made in March to meet collective agreement obligations as well as to ensure there is sufficient time for the staffing process to be completed prior to the start of the new school year. Recognizing the continued uncertainty regarding funding to be received next year, the District is working with the federations to confirm if there is flexibility to defer the decision by several weeks. The deferral would be intended to help minimize staffing disruptions that may result by following the normal timeline.

Staff expects to present the recommended budget to COW Budget on 26 May 2021. It will reflect the previously approved academic staffing costs and present other recommended adjustments to revenues and expenses. As usual, the timing of the presentation is dependent upon receiving the detailed funding information from the Ministry before the end of April 2021.

4. Education Funding Overview

A key requirement for effective decision making is a shared understanding of the constraints and opportunities that are presented to COW Budget and the Board. Appendices B and C are two Ministry publications that may assist in the development of that shared understanding.

Appendix B, 2019-20 Education Funding-A Guide to the Grants for Student Needs, summarizes the provincial funding model employed by the Ministry to allocate funds to all Ontario school boards. It elaborates on the different grants that comprise the GSN and, importantly, acknowledges that local school boards have significant flexibility in how the funds are used to meet local priorities in support of student achievement. The 2019-20 guide is being shared because the Ministry has not yet released the 2020-21 revision.

Appendix C, 2020-21 Education Funding-A Guide to the Special Education Grant, provides additional detail on special education funding.

The GSN will be reviewed at the 2 February 2021 COW Budget meeting.

Budget Development Considerations

5. Strategic Plan 2019-2023

The OCDSB has adopted an ambitious plan to support students, staff and families over the next three years. This will require some continued realignment of resources and changes in activities as it is unlikely additional new funding will be available to address all of the needs. Staff will endeavour to make the alignment between the budget and the strategic plan more visible.

6. Education Funding Changes

There is always some uncertainty regarding the level of provincial funding to be received in future years. This is particularly the case given the significant investments made during 2020-2021 as part of the province's commitment to maintaining a safe and healthy learning environment for both students and staff.

The provincial response to support students and staff during the pandemic has provided additional operating funding totaling \$18.5 million. This funding has been received primarily through the Priorities and Partnerships Fund (PPF) grants and targets various areas including enhanced cleaning needs, the operation of virtual schools, investments in learning technology such as Chromebooks, improved classroom ventilation, incremental student transportation costs, additional teachers to support smaller class sizes, and various support staff including those for mental health and special education.

As already noted, the Ministry has provided guidance that the District should not anticipate a continuation of the COVID-related funding enhancements during the development of the annual budget. This guidance will influence the approach and timing of the academic staffing process. In addition, there is also the concern that the provincial government will soon start looking for savings opportunities in all publicly funded organizations given Ontario's growing operating deficit. The savings opportunities would be tempered by legislated class size requirements, obligations established by collective agreements and the continuing need to fund various supporting activities such as school operations and school administration.

Despite the provincial guidance, there remains a good chance that funding will be announced to support 2021-2022 pandemic-related needs. Similar to other school boards, the District has conveyed to the Ministry that announcing the

amount of funding available for next year as early as possible will greatly assist with planning.

On a positive note, the incremental costs that will result from centrally negotiated collective agreements are expected to be fully supported by an increase in the salary benchmarks that the Ministry uses in the GSN calculations.

7. Enrolment

Enrolment is a key factor in the funding that the District receives. Enrolment growth provides additional flexibility in responding to funding changes and service demands while declining enrolment reduces this flexibility and generally creates a need to look for savings opportunities to offset the lost revenue.

At this time staff is forecasting decreased enrolment in both the elementary and secondary panels. The decrease is in comparison to the pre-pandemic enrolment projections reflected in the 2020-2021 Budget rather than the lower enrolment that has actually been observed during 2020-2021. Overall, the preliminary enrolment forecast indicates 1,600 fewer students based on average daily enrolment (ADE). The enrolment decrease reflects lower immigration rates and fewer registrations for kindergarten programs.

If realized, the revenue loss would be in the range of \$17.0 million. Some of the lost revenue would be offset by lower compensation costs reflected in reduced academic staffing needs.

8. Cost Pressures

The changing needs of students continue to require additional resources to ensure that the District can provide optimal learning conditions. This necessitates the allocation of resources in a number of areas:

- additional staffing and/or space to serve students with special needs;
- inflationary cost pressures on supplies, services and utilities;
- enhanced provisions for staff replacement costs; and
- providing funds to address the changing nature of learning. Significantly, recent investments in technology to enable remote learning will influence maintenance and replacement costs for these assets in the coming years.

A decision to continue to offer virtual schools as an option for students would result in incremental costs. Currently, virtual schools are not eligible for school foundation funding which is provided to support school leadership and administrative needs. The absence of the funding would create a cost pressure. In addition, the majority of the enrolment in virtual schools would come from existing schools. This, too, would likely have some effect on overall costs.

9. Revenue Generating and Self-Funded Programs

The 2020-2021 Budget reflected normal operations for two areas that have seen significant revenue losses as a result of the pandemic.

The first area is the Community Use of Schools division which oversees the public's after-hours use of school facilities such as gymnasiums and sports fields. The second area is the Extended Day and Child Care programs where revenues have been severely reduced as a result of lower participation.

In addition, significantly lower enrolment of international students through the Ottawa-Carleton Education Network (OCENET) was anticipated and reflected in the 2020-2021 Budget. This resulted in the reduction of both projected revenues and related expenses being shown in the budget. Actual participation is somewhat lower this year.

Staff anticipates that facility utilization and program participation rates will return to more normal levels once widespread vaccination programs have sufficiently advanced; however, there continues to be uncertainty as to when children will be vaccinated and what effect the pandemic may have on international student enrolment.

Staff will be performing a more detailed analysis on these and other programs as part of the budget development process. The review will quantify the revenues and expenses that are shown in the 2021-2022 Staff-Recommended Budget.

10. OCDSB Financial Position

The District's 2020-2021 Budget assumed a \$17.7 million deficit which would be supported using the District's accumulated surplus. The most recent forecast which is presented in Report 21-012, 2020-2021 Revised Estimates shows an even larger deficit of \$28.1 million. If realized, the effect of such a significant deficit is that the accumulated surplus available to support deficit spending would be reduced to \$2.5 million. This would constrain planned investments in the coming years and would also affect the District's ability to respond to emerging needs identified during the year.

Staff will continue with its efforts to reduce the anticipated deficit which includes pursuing additional funding to offset the revenue lost by the Extended Day and Child Care programs and to look for operating savings during the current year.

RESOURCE IMPLICATIONS:

11. The Board's past decision to establish a provision for contingencies as an appropriation within the accumulated surplus has allowed the District to support the larger than expected deficit projected for 2020-2021. In the absence of this critical decision, it is possible that the Ministry would have required substantial mid-year reductions in services.

The District is expected to have a combined operating and capital budget in excess of \$1.0 billion. Continuing with a prudent approach to managing these financial resources is essential to ensuring the budget development process results in a sound financial plan for 2021-2022. The spending plan, which will be aligned with the strategic plan, will serve as the foundation for financial plans that will be presented in subsequent years.

COMMUNICATION/CONSULTATION ISSUES:

12. The District's website provides a landing page for financial information. On this page is a quick link to both the current budget and budgets for prior years. Relevant supporting information such as budget questions and answers is also available. All public documents, such as budget reports and staff presentations, are easily accessed from the webpage.

As has been done in the past, an email link for budget questions and comments has been established. While individual responses are not always possible, every effort will be made to answer these questions in a timely manner. Answers will be posted to the website and will be considered by staff in developing the budget recommendations.

The budget consultation process will reach out to parents, school councils, students, OCDSB advisory groups, staff and the general public. The goal of the consultation will be to make the community aware of the budget process and provide them with an opportunity to provide feedback to staff, trustees and other Budget Committee members. The consultation process will involve a variety of formats in order to maximize the opportunity to reach these groups.

Staff customarily attends meetings of other committees including the Special Education Advisory Committee (SEAC) and the Advisory Committee on Equity (ACE). The presentations provided at the meetings are based on those presented at COW Budget. Comments received during those meetings help staff understand the concerns and priorities of those committees.

Similar to the advisory committee meetings, trustees have received valuable input through zone meetings in past years and staff will provide support for those meetings this year, if required and schedules allow. A survey to solicit input is another outreach tool that continues to be assessed.

All input during the consultation phase would ideally be received by mid-March 2021.

STRATEGIC LINKS:

13. The 2019-2023 Strategic Plan calls for the development of a culture of social responsibility with the stated goal of fostering "progressive stewardship of the environment, and human and financial resources." Development and approval of the annual budget is a key component of strong governance and financial stewardship. The thoughtful and prudent allocation of financial resources is required to optimize achievement of the goals that have been established for students, staff and the District.

GUIDING QUESTIONS:

14. The following questions are provided to support the discussion of this item:
- What are the emerging issues and opportunities that members believe should be considered during the development of the 2021-2022 Staff-Recommended Budget?
 - What information will help inform the decisions that will be made following the presentation of the 2021-2022 Staff-Recommended Budget?

Mike Carson
Chief Financial Officer

Camille Williams-Taylor
Director of Education and
Secretary of the Board

Appendices:

Appendix A – 2019-2023 Strategic Plan

Appendix B – 2019-20 Education Funding-A Guide to the Grants for Student Needs

Appendix C – 2020-21 Education Funding-A Guide to the Special Education Grant

Educating for Success — Inspiring Learning, Developing Well-Being and Building Social Responsibility

Recognizing that learning, well-being and equity are the core of our work, our strategic plan is focused on building a culture that supports and engages students, staff and community. Our new plan has three key objectives —

to create a Culture of Innovation, a Culture of Caring, and a Culture of Social Responsibility. Each objective has one of three goals — one with a student focus, one with a staff focus and one with a system focus.

These goals are supported by strategies that will guide our work; outcomes that describe the change we want to happen; and key performance indicators that will help us to measure our progress.

Culture of Innovation

We will build a learning community where innovation and inquiry drive learning.



Goals

- Champion high learning expectations for all students in all programs;
- Promote collaborative environments which foster innovation and creativity; and
- Modernize instruction and administrative processes.

Desired Outcomes:

For Students

- ♦ Improved student achievement;
- ♦ Increased graduation success in all pathways;
- ♦ Increased sense of relevance and motivation for students;

For Staff

- ♦ Increased capacity to support personalization of learning;
- ♦ Increased leadership capacity; and

For System

- ♦ Improved business processes and efficiency.

Strategies:

- ♦ Establish targets for student achievement;
- ♦ Provide professional learning and tools to support quality instruction and collaboration;
- ♦ Create conditions to support creativity, innovation and evidence-based practice;

- ♦ Modernize learning and enhance student experience; and
- ♦ Optimize resources and technology to modernize business processes.

Culture of Caring

We will advance equity and a sense of belonging to promote a safe and caring community.



Goals

- Prioritize the dignity and well-being of students in inclusive and caring classrooms;
- Champion and nurture a safe, caring and respectful workplace; and
- Build authentic engagement with and among our communities.

Desired Outcomes:

For Students

- ♦ Improved equity of access, opportunity and outcomes;
- ♦ Improved student well-being;
- ♦ Enhanced student safety;

For Staff

- ♦ Improved employee well-being;
- ♦ Improved employee engagement;

For System

- ♦ Increased parent voice;
- ♦ Increased community partnerships; and
- ♦ More representative workforce.

Strategies:

- ♦ Provide learning opportunities and resources to support student well-being;
- ♦ Foster conditions to improve workplace safety and employee well-being;
- ♦ Enhance communications and develop mechanisms to build employee engagement; and
- ♦ Build system capacity to support parent and family engagement at the classroom, school and district levels.

Culture of Social Responsibility

We will strengthen our community through ethical leadership, equitable practice, and responsible stewardship.



Goals

- Remove barriers to equity of access, opportunity, and outcomes;
- Model responsive and ethical leadership and accountability; and
- Foster progressive stewardship of the environment, and human and financial resources.

Desired Outcomes:

For Students

- ♦ Improved social and emotional skills;
- ♦ Increased student voice;
- ♦ Improved student behaviour;
- ♦ Reduced disproportionate representation;

For Staff

- ♦ Improved leadership capacity;
- ♦ Improved employee engagement and recognition;

For System

- ♦ Improved decision-making;
- ♦ Improved governance practices; and
- ♦ Improved environmental practice and reduction in greenhouse gas emissions.

Strategies:

- ♦ Support and encourage the development of our Exit Outcomes and life skills in all students;
- ♦ Build leadership capacity and succession plans;
- ♦ Build system capacity in environmental stewardship, resource allocation and risk management; and
- ♦ Collect and use data to inform instructional practice, policy, and decision making.

EXIT OUTCOMES — What we want for our graduates

CHARACTERISTICS

SKILLS

Appendix A
to Report 21-013

Goal-oriented Innovative/Creative Collaborative Globally Aware Resilient Ethical Decision-makers Digitally Fluent Academically Diverse Effective Communicators Critical Thinkers

2019-20 Education Funding

A Guide to the Grants for Student Needs



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Introduction

This guide is intended to provide a simpler explanation of how education is funded in Ontario through the Grants for Student Needs, or GSN. It also sets out the accountabilities of school boards and the Ministry of Education for the use of education dollars and discusses efforts to continuously improve the formulas used to fund education in Ontario.

How funding is structured

The Ministry of Education provides the majority of operating funding to Ontario's 72 district school boards¹ through the annual GSN, also known as "the funding formula." The GSN is a collection of grants described in detail in an annual regulation under the *Education Act*.

Many grants are made up of two or more components, which are called "allocations." This guide sets out the funding provided by each grant and gives an explanation of the major allocations within it, including a high-level description of the calculation.

Funding entitlements for school boards can be generated on a per-pupil, per-school, or per-board basis depending on the structure of each grant within the GSN regulation. There are two major components of the GSN:

- **The Foundation Grants** cover the basic costs of an educational experience that is common to all students, which is allocated based on student enrolment and the number of schools.
- **The Special Purpose Grants** address the unique needs of students, schools and school boards related to location, student and school needs, and a board's demographic profile.

The ministry recognizes that conditions vary widely across Ontario and the funding formula cannot take every situation into account. This is why local school boards have flexibility in how they use funding, within the overall accountability framework discussed in the next section.

1. There are also 10 school authorities, consisting of four geographically isolated boards and six hospital-based school authorities.

In addition to GSN funding, school boards also receive funding from the ministry for special, often time-limited programs, and from other ministries for specific purposes related to their mandates.

School boards may also raise funds on their own. Examples include renting out excess school space or charging fees for enhanced programming. These funds, however, should not be used to replace public funding for education or to support items funded through provincial grants. *A Guideline for School Fundraising* and a *Fees for Learning Materials and Activities Guideline* may be found on the Ministry of Education website (www.edu.gov.on.ca).

Accountability for education funding

The government is committed to restoring faith in Ontario's public institutions. As the province expects to invest about \$24.66 billion in education in the 2019-20 school year, a major part of enhancing public confidence is ensuring accountability for the use of these resources.

The province, through the Ministry of Education, is accountable for the public education system as a whole and the policy decisions that determine funding for school boards. Given their key role in providing services at the local level, school boards have important accountabilities to students, parents, the ministry and others with a stake in public education.

A cornerstone of Ontario's publicly funded education system is the principle that school boards have a responsibility to ensure the effective stewardship of resources. Thoughtful, transparent budgeting, aligned with a focused strategy, is vital and integral to this goal.

With respect to the GSN, a robust financial accountability framework has been developed between school boards and the province. This framework recognizes that accountability to the ministry must be balanced against the need for school board flexibility to address local conditions. It includes:

- Legislative requirements, such as the provision that school boards balance their budgets;
- Requirements around budgeting and financial reporting, as well as monitoring, audit, review and, in some cases, supervisory activities by the province;
- Enveloping, which means requiring that certain grants be used only for the purpose intended; and
- Program/grant-specific reporting requirements overseen by various branches of the ministry.

Another important activity that supports accountability is collaboration. Ontario has a proud tradition of open and frank conversations about education funding. Through these conversations, the funding formula benefits from the perspectives of others in the system.

The ministry engages with many partners, including:

- School board representatives
- Trustees' associations
- Indigenous partners
- Principals and vice-principals
- Teachers' federations and education worker unions
- Parent groups
- Student groups

Regular engagement and other collaborations are invaluable in holding all parties, including the government, accountable for the ways education is funded. Annual adjustments are made to grants, informed by the ministry's ongoing discussions with the sector.

Foundation Grants

Pupil Foundation Grant

This grant, which accounts for about half of the GSN, supports the elements of a classroom education that are generally common to all students. As the largest single element of the GSN, it provides funding for the salaries of classroom teachers, early childhood educators in kindergarten classes, educational assistants, and other teaching staff such as teacher librarians and guidance counsellors. It also funds textbooks, classroom supplies and classroom computers.

In 2019-20, this grant will be adjusted primarily for the proposed changes to class sizes for students in grades 4-8 and grades 9-12.

The grant is calculated on a per-pupil basis. There are four different per-pupil amounts at the elementary level, depending on the grade in which a student is enrolled – kindergarten (JK and SK), primary (Grades 1 to 3), junior (Grades 4 to 6), intermediate (Grades 7 to 8). There is also one per-pupil amount for secondary students.

In general terms, for classroom teachers, the per-pupil amounts reflect benchmark salaries and benefits, class size requirements and the need for preparation time. For other staff, the per-pupil amount is based on salaries and benefits and staffing levels.

For 2019-20, the Pupil Foundation Grant is projected to be \$10.57 billion.

School Foundation Grant

This grant provides funding for principals, vice-principals and office support staff, as well as administrative supplies. It is divided into an elementary school and a secondary school portion. This grant includes measures which:

- Recognize a school's size as well as its remoteness and whether it is operating in a minority language context; and
- Provide greater funding overall for principals in combined elementary and secondary schools (subject to minimum enrolment limits), and in elementary or secondary schools with multi-buildings (subject to minimum enrolment limits).

For 2019-20, the School Foundation Grant is projected to be \$1.52 billion.

Special Purpose Grants

Special Education Grant

This grant provides boards with funding for programs, services, and/or equipment for students with special education needs. Boards may use the grant only for special education, and must set aside any unspent funding to use for special education in a future school year. There is flexibility in how they may use some of the individual allocations within the grant, as long as the funds are spent on special education.

For 2019-20, the Special Education Grant is projected to be \$3.10 billion and is made up of six allocations:

Allocation	Amount
Special education per pupil amount	\$1.57 billion
Differentiated special education needs amount	\$1.14 billion
Special equipment amount	\$0.12 billion
Other (consists of three allocations)	\$0.27 billion
Total	\$3.10 billion

- The **special education per pupil amount** provides every board with foundational funding towards the cost of special education supports. It is calculated using a board's total enrolment and a per-pupil amount. There are different per-pupil amounts for kindergarten to Grade 3 pupils, Grade 4 to 8 pupils, and Grade 9 to 12 pupils. The per-pupil amounts in the earlier grades are higher to direct more funding towards early intervention.
- Recognizing the variation across boards in the share of students with special education needs, the nature of the needs, and boards' ability to meet them, the **differentiated special education needs amount (DSENA)** aims to better align the allocation with boards' needs and resources.
- Under the **special equipment amount**, each board receives a base amount plus a per-pupil amount, which together may be used to buy computers, software and other equipment for students with special education needs, in line with funding guidelines. In addition, boards may submit claims to recover the costs, less a deductible, of other equipment recommended by a qualified professional for a student with specific special education needs.

- There are **three other** allocations of the grant. The special incidence portion for students who require more than two full-time staff to address their health and safety needs and those of others at their school. The care, treatment, custody, and correctional amount (previously named the facilities amount) for providing instruction in a care, treatment, custody or correctional facility, and an amount to support board-level expertise in applied behavioural analysis.

Language Grant

This grant provides funding to meet school boards' costs for language instruction.

For 2019-20, the Language Grant is projected to be \$866.8 million and is made up of five allocations:

Allocation	Amount
English as a second language/English literacy development (ESL/ELD)	\$362.1 million
French as a second language (FSL)	\$282.6 million
French as a first language (FFL)	\$87.8 million
Programme d'appui aux nouveaux arrivants (PANA)	\$10.0 million
Actualisation linguistique en français (ALF)	\$124.3 million
Total	\$866.8 million

- **English as a second language/English literacy development** funding, available only to Ontario's 60 English-language school boards, supports students who need extra help developing proficiency in English. It consists of two components:
 - Recent immigrant component: to support students who are eligible based on their country of birth and who have been in Canada four years or less.
 - Diversity in English-language learners' component: based on an estimate of the number of children in a school board whose language spoken most often at home is neither English nor French.
- **French as a second language** funding, available only to Ontario's 60 English-language school boards, supports the costs of French instruction. It provides a per-pupil amount for each student. At the elementary level, the amount varies depending on whether the pupil is taking core French (20-59 minutes of instruction per school day for students in Grades 4 to 8), extended French (60-149 minutes of instruction per school day for students in Grades 4 to 8), or is in a French immersion program (150 minutes or more of instruction per school day for students in JK to Grade 8). At the secondary

level, the amount reflects both the student's grade level and whether the course covers French as a subject or another subject taught in French as well as the credit value of the course.

- **French as a first language** funding, available only to Ontario's 12 French-language school boards, recognizes the higher costs of instructional materials and support to provide French-language programs. It is made up of per-pupil amounts for boards' elementary and secondary enrolment and a fixed amount for each new elementary school in a French-language board in the current school year.
- The **programme d'appui aux nouveaux arrivants** funding, available only to Ontario's 12 French-language school boards, supports students from eligible countries who are newly arrived in Canada and do not have a Charter right to education in French, but have been admitted to French-language school boards and require extra help developing proficiency in French.
- **Actualisation linguistique en français** funding, available only to Ontario's 12 French-language school boards, supports students who have a right to education in French because it is the language of one or both of their parents, but need extra help developing proficiency in French. It is calculated using a per-pupil amount that varies using a factor based on census data that measures a board's cultural environment. The factor reflects the share of school-age children with at least one parent having French as their first official language spoken.

Indigenous Education Grant

The Indigenous Education Grant supports programs and initiatives that support Indigenous learning, and are aimed at improving Indigenous student achievement and well-being.

For 2019-20, the Indigenous Education Grant is projected to be \$80.2 million and is made up of four allocations:

Allocation	Amount
Indigenous languages	\$11.8 million
Indigenous studies	\$40.8 million
Per-pupil amount	\$21.7 million
Board action plans	\$5.8 million
Total	\$80.2 million

- The **Indigenous languages** allocation supports elementary and secondary Indigenous languages programs. At the elementary level, funding is based on the number of pupils enrolled in an Indigenous language program and

the average daily minutes of instruction. At the secondary level, funding is provided on a per-pupil credit amount for Grades 9 to 12 students.

- The **Indigenous studies** allocation supports secondary credit courses in Indigenous studies, providing a per-pupil credit amount for Grade 9 to 12 students.
- The **per-pupil amount** allocation supports Indigenous students, and reflects the estimated percentage of Indigenous students in a board's schools, based on census data. Some of these funds may be used to support a dedicated Indigenous Education Lead in each school board.
- The **board action plans** allocation funds the implementation of programs and initiatives that support Indigenous learning and are aimed at improving Indigenous student achievement and well-being.

Geographic Circumstances Grant

This grant recognizes the higher costs related to the remoteness of rural boards and schools. It takes into account several factors, including board and school size, board distance from urban centres and dispersion of schools over a board's geographic area.

In 2019-20, the Geographic Circumstances Grant is projected to be \$214.7 million and it is made up of three allocations:

Allocation	Amount
Remote and rural	\$117.7 million
Supported schools	\$75.9 million
Rural and Northern Education Fund	\$21.1 million
Total	\$214.7 million

- The **remote and rural** allocation provides funding to boards with enrolment of less than 16,000, boards that are distant from large urban centres, and boards whose schools are far from board offices and one another.
- The **supported schools** allocation helps make small, remote schools more viable by providing additional funding for teachers and, in some cases, early childhood educators. A school's eligibility is based on distance to the board's closest school of the same type (that is, elementary to elementary and secondary to secondary) with funding varying based on school enrolment.
- The **Rural and Northern Education Fund** allocation provides funding for school boards to further improve education for students in rural and Northern communities through support for additional operating expenses, enhanced student transportation options and improved programming or staff supports.

Learning Opportunities Grant

The Learning Opportunities Grant provides funding to help students who are at greater risk of lower academic achievement.

In 2019-20, The Learning Opportunities grant is projected to be \$514.2 million and is made up of 9 allocations:

Allocation	Amount
Demographic	\$366.1 million
Student achievement envelope (consists of 6 allocations)	\$137.7 million
Other (consists of 2 allocations)	\$10.5 million
Total	514.2 million

- The **demographic** allocation is based on social and economic indicators that signal a higher risk of academic difficulty for students. The indicators are low household income, low parental education, a one-parent household and recent arrival in Canada. This allocation is distributed to boards based on the ranking of each of their schools on these measures, and a weighting of the measures themselves. Boards can use this funding for initiatives such as breakfast programs, homework clubs, reading recovery and independent supports.
- The **student achievement envelope** comprises six discrete allocations. These allocations directly support programs to improve student achievement. There is flexibility in how boards may use the individual allocations, as long as the total funding is spent on the programs within the envelope. Any unspent funding must be used on the programs within the envelope in a future school year. The allocations are for:
 - **Literacy and math outside the school day**, which funds remedial courses or classes for students who are at risk of not meeting the curriculum standards for literacy or math and/or the requirements of the Grade 10 literacy test.
 - **Student success, Grade 7 to 12**, which funds a range of resources and activities to improve student engagement in secondary schools.
 - **Grade 7 and 8 student success and literacy and numeracy teachers**, which recognizes the importance of helping students in earlier grades so they are better prepared for the transition to secondary school and beyond.
 - **Ontario focused intervention partnership tutoring**, which helps boards set up and/or expand tutoring programs for students who are not achieving the provincial standard in reading, writing or math.

- **Specialist high skills major program**, which allows students to customize their secondary school experience and build on their strengths and interests by focusing on a specific economic sector.
- **Outdoor education program**, which provides elementary and secondary students with learning experiences in the outdoors.
- The **other** allocations of this grant provide funding for teacher-librarians and/or library technicians and an adjustment to reflect the impacts of amalgamating school authorities.

Safe and Accepting Schools Supplement

This funding supports the Safe Schools Strategy and provides targeted support to secondary schools in priority urban neighbourhoods.

In 2019-20, the Safe and Accepting Schools Supplement is projected to be \$49.7 million and is made up of two allocations:

Allocation	Amount
Safe and accepting schools	\$39.7 million
Urban and priority high schools	\$10.0 million
Total	\$49.7 million

- The **safe and accepting schools** allocation includes two components. One supports non-teaching staff such as social workers, child and youth workers, psychologists, and attendance counsellors who work to prevent and mitigate risks to the school environment. The other supports programs for long-term suspended and expelled students, and prevention and intervention resources. Both components provide a per-pupil amount and also reflect a board's demographic characteristics and dispersion distance.
- The **urban and priority high schools** allocation helps boards respond to challenges in select secondary schools, such as a lack of access to community resources, poverty, conflict with the law, academic achievement issues or a combination of these factors.

Continuing Education and Other Programs

This grant supports a range of programs aimed at adult learners and day school students, including secondary students who have completed more than 34 credits and wish to continue their studies.

In 2019-20, the Continuing Education and Other Programs Grant is projected to be \$137.9 million and is made up of 8 allocations:

Allocation	Amount
Adult day school	\$15.6 million
High-credit day school	\$5.2 million
Summer school	\$33.4 million
Continuing education	\$54.0 million
Other (consists of 4 allocations)	\$29.7 million
Total	\$137.9 million

- The **adult day school** allocation supports day school programming for students who are at least 21 years of age as of December 31 of the current school year.
- The **high-credit day school** allocation is for day school programming for secondary students who have completed more than 34 credits and wish to continue their studies.
- The **summer school** allocation supports programming offered during the summer for day school pupils.
- The **continuing education** allocation supports a variety of programs delivered inside and outside the classroom (for example, through correspondence, self-study or e-learning), including credit courses for the purpose of earning a secondary school graduation diploma.
- The **other** allocations support the following: teaching of international and Indigenous languages at the elementary level; assessments of mature students' prior learning; adult day school teacher funding supports; and a recovery amount for each international fee-paying student attending schools in Ontario.

Cost Adjustment and Teacher Qualifications and Experience Grant

This grant provides for a variety of compensation related funding adjustments for teachers and other staff.

In 2019-20, the Cost Adjustment and Teacher Qualifications and Experience Grant is projected to be \$2.83 billion and includes 8 allocations:

Allocation	Amount
Teacher qualifications and experience	\$1.73 billion
Early childhood educator qualifications and experience	\$0.13 billion
Benefits trusts	\$0.24 billion
Teacher job protection funding	\$0.69 billion
Other (consists of 4 allocations)	\$0.27 billion
Total	\$2.83 billion

- The **teacher qualifications and experience** allocation provides funding to boards with teachers that, because of their qualifications and years of experience, have average salaries different from the benchmark used in the Pupil Foundation Grant.
- In 2019-20, the ministry is introducing a new **teacher job protection funding** allocation. Funding is being provided for up to four years to protect classroom teachers impacted by the proposed changes to class size and e-learning, allowing school boards to phase in these proposed changes.
- The **benefits trusts** allocation provides the incremental funding required to support the transition of benefits plans (health, life and dental benefits) for staff to the Employee Life and Health Trusts.
- The **other** allocations under this grant include historical adjustments to the funding of non-teaching salary costs and funding for programs to mentor and train new teachers, as well as additional support for professional development for teachers and education workers.

Student Transportation Grant

This grant provides school boards with funding to transport students to and from school.

In 2019-20, the Student Transportation Grant is projected to be \$1.1 billion. The grant is based on the previous year's amount, with a number of possible adjustments and/or additional allocations:

- The **enrolment adjustment** allocation is made available only for school boards with increasing enrolment, and is based on the percentage increase in enrolment.
- The **cost update adjustment** allocation, which recognizes the increasing costs of providing transportation services, is 4% for 2019-20. The calculation applies the adjustment factor to each board's 2018-19 transportation grant.
- The **fuel escalator and de-escalator** allocation provides funding adjustments (increases or decreases) by comparing the actual price of diesel fuel for southern school boards and northern school boards to a benchmark price.
- New in 2019-20, the ministry will provide **transportation stabilization funding** to school boards that run efficient transportation operations but for which the costs of student transportation exceed funding provided for that purpose.
- **Other** allocations within this grant cover transportation to provincial or demonstration schools, school bus rider safety training, impacts of effectiveness and efficiency reviews of transportation consortia.

Declining Enrolment Adjustment

Much of a school board's revenue is determined by enrolment. When enrolment goes down, funding also declines. School boards can adjust their costs downward as well, but this may take more than one year. The declining enrolment adjustment recognizes this need for extra time.

In 2019-20, the Declining Enrolment Adjustment is projected to be \$11.9 million and is made up of two components:

Component	Amount
First-year	\$10.1 million
Second-year	\$1.8 million
Total	\$11.9 million

- The **first-year** component is based on a weighting of the difference between 2019-20 eligible revenues if enrolment had not changed from the previous year and 2019-20 revenue calculated using the current year's enrolment. It is available only if the current year's enrolment is less than the previous year's.
- The **second-year** component is 25% of a school board's 2018-19 first-year component.

School Board Administration and Governance Grant

This grant provides funding for board administration and governance costs, including those related to board-based staff and board offices and facilities.

In 2019-20, the School Board Administration and Governance Grant is projected to be \$683.0 million and is made up of 9 allocations:

Allocation	Amount
Board administration	\$574.0 million
Program leadership	\$67.0 million
Other (consists of 7 allocations)	\$41.9 million
Total	\$683.0 million

- The **board administration** allocation, developed in consultation with school boards, provides funding for board-level leadership, staff and related supplies and services. The model recognizes ten core functions that all boards, regardless of size, must perform. At the same time, it recognizes that enrolment is an important driver of administrative expenses.
- The **program leadership allocation** provides funding to support six lead positions (mental health, technology, Indigenous, school effectiveness, student success and early years).
- The **other** allocations include funding for trustee compensation, parent engagement, consolidation accounting, internal audit, supports to improve school boards' information management, and the transformation of learning and teaching in the physical and virtual environment.

School Facility Operations and Renewal Grant

This grant supports the costs of operating, maintaining and repairing school facilities. Under the formula, funding is adjusted for boards that have older schools with unique design features such as wide hallways, large shop spaces, and auditorium spaces.

In 2019-20, the School Facility Operations and Renewal Grant is projected to be \$2.50 billion and includes two allocations:

Allocation	Amount
School operations	\$2.14 billion
School renewal	\$0.36 billion
Total	\$2.50 billion

- The **school operations** allocation, which addresses operating costs such as heating, lighting, maintenance and cleaning of schools, consists of several components. The largest component is based on a benchmark operating cost associated with a standard floor area for each elementary and secondary pupil.
- The **school renewal** allocation addresses the costs of repairing and renovating schools. Like the operations allocation, it consists of a number of components. The largest component is based on a benchmark renewal cost associated with a standard floor area for each elementary and secondary pupil. Funding is also adjusted to reflect the renewal needs of older schools and regional variations in construction costs.

Conclusion

Determining the best way to allocate funding and use public resources effectively in our school system is an ongoing process.

For an effective education system, we must stay attuned to and gather information on the evolving needs of students, increasing school board costs, and how well our funding approaches support student achievement outcomes.

This guide has provided high-level summaries of grants, their purposes and their funding mechanisms. It is not intended to describe the legal requirements around grant amounts or allocation methods. Readers looking for that information should consult the [Grants for Student Needs – Legislative Grants for the 2019-20 School Board Fiscal Year](#) regulation. The 2019-20 [Technical Paper](#) provides additional information on the calculations underlying many of the grants and more information about grants not discussed in detail here.

2020-21 Education Funding

A Guide to the Special Education Grant



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Notice: Some of the elements and proposals set out in this guide can only take effect if certain regulations are made by the Minister of Education or Lieutenant Governor in Council under the *Education Act*. Such regulations have not yet been made. Therefore, the content of this Guide should be considered to be subject to such regulations, if and when made.

Introduction

Special Education in Ontario

This guide provides an overview of special education and how it is funded in Ontario. The goal is to provide a clear explanation of the funding model for interested partners in the education sector.

The Ministry of Education allocates funding to Ontario's 72 district school boards¹. In addition to the Pupil Foundation Grant and other grants within Grants for Student Needs funding, the ministry allocates funding for students with special education needs through the Special Education Grant. School boards also have the ability to use other allocations of the Grants for Student Needs to support students with special education needs. The goal is to ensure equity in access to learning for all students with special education needs.

The *Education Act* mandates all school boards to provide special education programs and/or services for students with special education needs. This includes students receiving special education programs and/or services who have been identified as exceptional by an Identification, Placement and Review Committee and students receiving special education programs and/or services who have not been identified as exceptional by an Identification, Placement and Review Committee.

All students receiving special education programs and/or services, whether identified as exceptional or not, should have an Individual Education Plan. An Individual Education Plan is a written plan describing, among other things, the special education programs and/or services required by a particular student, based on a thorough assessment of the student's strengths and needs.

1. There are also 10 School Authorities, consisting of four geographically isolated boards and six hospital-based school authorities.

There are five categories and twelve definitions of exceptionalities, as follows:

- **Behaviour** – behaviour
- **Intellectual** – giftedness, mild intellectual disability, developmental disability
- **Communication** – autism, deaf and hard-of-hearing, language impairment, speech impairment, learning disability
- **Physical** – physical disability, blind and low vision
- **Multiple** – multiple exceptionalities

These five broad categories of exceptionalities are designed to address the wide range of conditions that may affect a student's ability to learn, and do not exclude any medical condition, whether diagnosed or not, that can lead to particular types of learning difficulties. All students with demonstrable learning-based needs are entitled to appropriate support in the form of special education programs and services, including classroom-based accommodations.

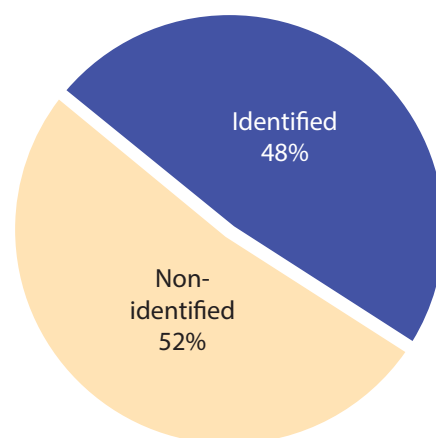
Overview of Students Receiving Special Education Programs and/or Services

Data from the Ontario School Information System showed that in 2018-19², 17.7 per cent of students in Ontario's publicly funded school system were receiving special education programs and/or services. In total there were 360,450 students receiving special education programs and/or services out of the total of 2,040,432 Junior Kindergarten to Grade 12 students. Approximately 48 per cent of students with special education needs had been identified through the IPRC process. In addition, school boards reported that approximately 86 per cent were in regular classrooms for more than half the instructional day.

OVERVIEW OF STUDENTS RECEIVING SPECIAL EDUCATION PROGRAMS AND/OR SERVICES 2018-19

Students formally identified as "Exceptional" by an IPRC*

	Number of students	Percentage of panel	Percentage of all students
Elementary	88,407	6.3%	4.3%
Secondary	83,631	13.2%	4.1%
Total	172,038		8.4%



Students NOT formally identified as "Exceptional" by an IPRC*

	Number of students	Percentage of panel	Percentage of all students
Elementary	126,263	9.0%	6.2%
Secondary	62,149	9.8%	3.0%
Total	188,412		9.2%

*IPRC – Identification, Placement and Review Committee

2. Source: As reported by schools in Ontario School Information System (OnSIS), 2018-19 (preliminary as of November 29, 2019 with all schools that met identified criteria with signed off submissions). Data includes public and Roman Catholic schools and school authorities. Data excludes private schools, publicly funded hospital and provincial schools, care and/or treatment, custody and correctional facilities, summer, night and adult continuing education day schools. Data is based on headcount of students.

How funding is structured

Grants for Student Needs

The Ministry of Education provides the majority of operating funding to Ontario's 72 district school boards³ through the annual Grants for Student Needs, also known as "the funding formula." The Grants for Student Needs is actually a collection of grants described in detail in an annual regulation under the *Education Act*.

Many grants are made up of two or more components, which are called "allocations." Information on the funding provided by each grant and an explanation of the major allocations within it, including a high-level description of the calculation, can be found in the *Education Funding: Technical Paper 2020-21*.

Funding entitlements for school boards can be generated on a per-pupil, per-school, or per-board basis depending on the structure of each grant within the Grants for Student Needs regulation. There are two major components of the Grants for Student Needs:

- **The Foundation Grants** cover the basic costs of an educational experience that is common to all students, which is allocated based on student enrolment and the number of schools.
- **The Supplemental Grants** address the unique needs of students, schools, and school boards related to location, student and school needs, and a board's demographic profile.

The ministry recognizes that conditions vary widely across Ontario and the funding formula cannot take every situation into account. That is why local school boards which are best positioned to respond to local needs, are given flexibility in how they use funding.

In addition to Grants for Student Needs funding, school boards also receive funding from the ministry for special, often time-limited programs, and from other ministries for specific purposes related to their mandates.

3. There are also 10 School Authorities consisting of four geographically isolated boards and six hospital-based school authorities.

Further background on all grants and how they are calculated, as well as more detailed information on the funding formula, appear in the [Education Funding: Technical Paper, 2020-21](#), the annual regulation under the [Education Act](#) and on the ministry's [Education Funding](#) webpage.

Special Education Grant

In addition to other Grants for Student Needs funding, the ministry provides school boards with the Special Education Grant. This grant supports positive outcomes for students with special education needs. This grant is for the additional costs of the programs, services and/or equipment these students may require.

Special Education Grant funding is allocated to school boards by the Grants for Student Needs regulation. School boards in turn use their Special Education Grant funding to implement their own local policies and priorities. As noted above, school boards are also able to use other funding to support students with special education needs.

School boards may *only* use Special Education Grant funding for special education programs, services and/or equipment. Any unspent Special Education Grant funding in a given year must be put aside and spent on special education in the future. School boards have the authority and flexibility to use other Grants for Student Needs funding, in addition to the Special Education Grant, to meet their responsibility to support students with special education needs.

School boards are given flexibility to use special education and other funding to support their special education policies and priorities because school boards have the greatest knowledge of their students and communities. They are best positioned to respond to local needs when setting budget priorities and determining what special education programs, services and/or equipment to provide. This means, for example, that individual school boards make decisions about classroom placement, classroom programming and staffing.

The Special Education Grant is made up of six allocations:

1. Special Education Per Pupil Amount Allocation
2. Differentiated Special Education Needs Amount Allocation
3. Special Equipment Amount Allocation
4. Special Incidence Portion Allocation
5. Education and Community Partnership Program Allocation (formerly the Care, Treatment, Custody and Correctional Amount)
6. Behaviour Expertise Amount Allocation

The Special Education Grant is projected to be approximately \$3.2 billion in 2020-21.

The following pages outline each of the six allocations of the Special Education Grant.

1. Special Education Per Pupil Amount Allocation

The Special Education Per Pupil Amount provides funding to every school board to assist with the costs of providing additional support to students with special education needs. It is allocated to school boards based on total enrolment of all students, not just students with special education needs.

This allocation provides all school boards with a foundational amount of funding for special education.

The Special Education Per Pupil Amount allocation is projected to be approximately \$1.62 billion in 2020-21.

2. Differentiated Special Education Needs Amount Allocation

This allocation addresses the variation among school boards with respect to their population of students with special education needs and school boards' ability to support these needs.

The Differentiated Special Education Needs Amount allocation includes four components:

- Special Education Statistical Prediction Model
- Measures of Variability
- Base Amount for Collaboration and Integration
- Multi-Disciplinary Supports Amount

The Differentiated Special Education Needs Amount allocation is projected to be approximately \$1.17 billion in 2020-21.

Special Education Statistical Prediction Model

The Special Education Statistical Prediction Model estimates the likelihood of students in a school board needing special education programs and/or services. The model considers neighbourhood profiles for all students across Ontario and in each school board. This generates predicted percentages for the population likely to have special education needs in each school board, which are used to allocate Special Education Statistical Prediction Model funding.

These neighbourhood profiles, which are anonymous, use data from the federal government's long-form census and other similar sources. This includes long-form census factors such as parent level of education, family income, unemployment, and recent immigration to Canada.

Measures of Variability

The Measures of Variability uses seven categories of information that reflect differences in each school board's population of students with special education needs and in the school board's ability to respond to these needs.

Three of the categories use data to develop a school board profile of special education needs. This is done by looking at different data sets and comparing a school board to the provincial average. These three categories are: students reported as receiving special education programs and services; participation and achievement in Education Quality and Accountability Office (EQAO) assessments by students with special education needs; and credit accumulation and participation in locally developed and alternative non-credit courses (K-Courses) by students with special education needs.

This comparison is used to determine the amount of funding that each school board should receive. For example under the "credit accumulation and participation in locally developed and alternative non-credit courses" category, a component of this allocation generates more funding for school boards that report having more students with special education needs whose accumulation of curriculum credits is below the provincial average.

The remaining four categories address each school board's ability to respond to its population of students with special education needs. This is done by recognizing external factors that affect the school board's ability to meet these needs. These four categories include: Remote and Rural Adjustment, Indigenous Education Grant Adjustment, French-language School Board Adjustment, and a new Northern Adjustment. For example, the Northern Adjustment, provides funding to all northern school boards and school authorities to address the challenges associated with providing programs and / or services to students with special education needs in Northern Ontario.

For more detailed information on the seven categories of information used in the Measures of Variability and how they are calculated, please refer to the *Education Funding: Technical Paper 2020-21*.

Base Amount for Collaboration and Integration

The Base Amount for Collaboration and Integration provides each school board with base funding of approximately \$468,832. Its purpose is to help school boards explore collaborative and integrated approaches to serving students with special education needs.

Multi-Disciplinary Supports Amount

The Multi-Disciplinary Supports Amount supports all students with special education needs, including subsets of this population such as students with Autism Spectrum Disorder (ASD), and mental health needs. The Multi-

Disciplinary Supports Amount provides funding to each school board for a multi-disciplinary team of up to four staff. This team helps to build board capacity, supports special education assessments and helps teachers, education assistants, and other staff better understand and adapt to the unique needs of their students. In addition, the Multi-Disciplinary Supports Amount also includes funding for other staffing resources to support students with special education needs in a way that reflects their local needs.

For more detailed explanations of these four components of the Differentiated Special Education Needs Amount, please refer to the *Education Funding: Technical Paper 2020-21*.

3. Special Equipment Amount

This funding supports the purchase of equipment that may be required by students with special education needs. There are two components to this allocation:

- A per-pupil amount that allows the school board to purchase computers, software, robotics, computing-related devices and required supporting furniture, as well as all training and technician costs for all Special Equipment Amount equipment, maintenance and repairs. This allocation consists of a base amount for each school board plus a per-pupil amount reflecting the school board's day school average daily enrolment of students.
- A claims-based process that supports the purchase by the school board of other, non-computer-based equipment required by students with special education needs. This may include hearing and/or vision support equipment, personal care support equipment and/or physical assists support equipment.

Eligibility requirements for both the per-pupil amount and claims-based amount are outlined in the *Special Education Funding Guidelines: Special Equipment Amount (SEA), 2020-21*.

The Special Equipment Amount allocation is projected to be approximately \$129.3 million in 2020-21.

4. Special Incidence Portion

The Special Incidence Portion is intended to support students with extraordinarily high needs who require more than two full-time staff to address their health and/or safety needs, and those of others at their school. Funding is based on claims submitted by school boards. Eligibility criteria are set out in the *Special Education Funding Guidelines: Special Incidence Portion (SIP), 2020-21*.

The Special Incidence Portion allocation is projected to be approximately \$133.9 million in 2020-21.

5. Education and Community Partnership Program Allocation (formerly the Care, Treatment, Custody and Correctional Amount)

This funding supports school boards' provision of education programs to school-aged children and youth in care, treatment or detention facilities. Eligible facilities include hospitals, children's mental health centres, psychiatric institutions, custody and correctional facilities, community group homes, and social services agencies. A school board provides these education programs under a written agreement between the school board and the facility.

The funding, which is approved by the ministry in accordance with ministry guidelines, goes toward recognized costs that include teachers, educational assistants and classroom supplies. Further details can be found in the *Guidelines for Educational Programs for Students in Government Approved Education and Community Partnership Program (ECP) facilities 2020–21 (formerly Care and/or Treatment, Custody and Correctional (CTCC) programs)*

The Education and Community Partnership Program allocation is projected to be approximately \$112.1 million in 2020-21.

6. Behaviour Expertise Amount

The Behaviour Expertise Amount allocation has two components that provide funding for school boards to hire professional staff at the board level who have expertise in applied behaviour analysis (ABA), and funding for applied behaviour analysis training.

ABA Expertise Professionals Amount

The ABA Expertise Professionals Amount provides funding for boards to hire professional staff at the school board level who have expertise in applied behaviour analysis. Whenever possible, school boards are encouraged to hire individuals with Board Certified Behaviour Analyst (BCBA) certification, individuals working toward Board Certified Behaviour Analyst certification, or individuals with equivalent qualifications. Applied behaviour analysis is an instructional approach that has been shown to be helpful for many children with *autism spectrum disorder*, as well as students with other special education needs.

The main roles of the board-level applied behaviour analysis expertise professionals are to:

- Support principals, teachers, educators and other school staff through applied behaviour analysis coaching, training and resources;
- Strengthen and facilitate collaborative working relationships among schools, parents, community members and agencies; and
- Support transitions, collaboration and information sharing between community-based autism service providers, school staff and families.

The funding is made up of a fixed amount for each school board plus a per-pupil amount that reflects the school board's average daily enrolment of all students.

ABA Training Amount

The ABA Training Amount provides funding to boards for training opportunities to build school board capacity in applied behaviour analysis.

The Behaviour Expertise Amount allocation is projected to be approximately \$31.1 million in 2020-21.

Priorities and Partnerships Fund (PPF)

In 2020-21 the ministry intends to provide school boards with Priorities and Partnerships Fund (PPF) funding for specific programs or initiatives, which is additional funding outside the Grants for Student Needs. Some of this funding is allocated to school boards for initiatives to support students with special education needs. Details on the *Priorities and Partnerships Fund (PPF)* can be found on the Ministry of Education website.

Accountability for Special Education Funding

The province, through the Ministry of Education, is accountable for the public education system and the policy decisions that determine funding for school boards. Given the key role of school boards in providing services at the local level, school boards are accountable to students, parents, the ministry and others with a stake in public education.

School boards have a responsibility to ensure the effective stewardship of resources. Thoughtful, transparent budgeting, aligned with a focused strategy, is vital and integral to this goal.

A robust financial accountability framework for the Grants for Student Needs has been developed between school boards and the province. This framework recognizes that accountability to the ministry must be balanced with the need for school board flexibility to address local conditions.

As noted earlier, to support accountability and the mandated role of school boards, special education funding is enveloped for special education expenditures only. If a school board does not spend all of this funding in the year, it must hold the unspent amount in a reserve account to be spent on special education in future years. School boards are required to report to the ministry on their special education expenditures three times a year.

School boards are also able to use other Grants for Student Needs funding to support students with special education needs.

Additional information

This guide focuses mainly on the approaches and calculations underlying Special Education Grant funding. More details on the allocation of other education grants appear in the *Education Funding: Technical Paper 2020-21* the annual regulation under the *Education Act* and on the ministry's *Education Funding* webpage.

For more information on special education policy, programs and/or services generally, please visit the *Ministry of Education website*.

For more information on a school board's specific special education policies and approaches, please contact the school board superintendent responsible for special education. Alternatively, you may contact a member of the school board's Special Education Advisory Committee for more information on the overall delivery of special education programs and/or services within a school board.

Useful terms to know

Special education services: Facilities and resources, including support personnel and equipment, necessary for developing and implementing a special education program.

Special education program: An educational program that is based on and modified by the results of continuous assessment and evaluation, and that includes a plan containing specific objectives and an outline of educational services that meet the needs of the student.

Identification, Placement and Review Committee (IPRC): School boards are required to establish an Identification, Placement and Review Committee (IPRC). The IPRC is made up of at least three people, one of whom must be a principal or supervisory officer of the school board. The IPRC is responsible for deciding whether a student should be identified as exceptional. It identifies the exceptionality according to the categories and definitions set out by the ministry, decides the placement and reviews the identification and placement generally once in a school year.

Individual Education Plan (IEP): A written plan describing the special education programs and/or services required by a particular student, based on a thorough assessment of the student's strengths and needs. It documents the accommodations, modifications and/or alternative expectations needed to help the student achieve. It outlines the specific knowledge and skills to be assessed and evaluated for the purpose of reporting student achievement.

Accommodations: Special teaching and assessment strategies, human supports, and/or individualized equipment required to enable a student to learn and demonstrate learning. The provincial curriculum expectations for the grade are not altered for a student receiving accommodations.

Modifications: Expectations that differ in some way from the regular grade-level expectations for a subject or course in order to meet a student's learning needs. For students with an Individual Education Plan, these changes could include: expectations from a different grade level; significant changes (increase or decrease) in the number and/or complexity of the learning expectations; and measurable and observable performance tasks. At the secondary level, a credit may or may not be granted for a course, depending on the extent to which the expectations in the course have been modified.

Alternative Learning Expectations: Alternative learning expectations are developed to help students acquire knowledge and skills that are not represented in the Ontario curriculum expectations. Because they are not part of a subject or course outlined in the provincial curriculum documents, alternative expectations are considered to constitute *alternative programs or alternative courses* (secondary school courses).

For more information, please visit the [Ministry of Education website](#).