Building Brighter Futures Together at the Ottawa-Carleton District School Board

OTTAWA-CARLETON DISTRICT SCHOOL BOARD

COMMITTEE OF THE WHOLE (BUDGET) **30 May 2022**
Report No. 22-032

2022-2023 Staff-Recommended Budget

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PURPOSE:

1. To present and seek approval of the 2022-2023 Staff-Recommended Budget.

STRATEGIC LINKS:

2. The 2019-2023 Strategic Plan focuses on creating a culture of social responsibility that continues to foster responsible stewardship of financial resources. The Board's stewardship of the District's financial resources continues to be one of its primary functions and the budget will set the operating plan for the coming year. An effective debate leading to approval of the budget is a cornerstone of sound governance practice. The progress made in rebuilding its accumulated surplus, and continuing to enhance services to students is a credit to the efforts of the entire District. This has allowed the Ottawa-Carleton District School Board (OCDSB) to develop a budget that mitigates some of the immediate impacts of this year's funding challenges and financial demands, allowing time for a more complete review of how to move forward in the face of anticipated resource reductions in future years.

CONTEXT:

3. The District operates on a fiscal year that runs from September 1 to August 31. 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 Committee of the Whole Budget (COW Budget) has had one meeting this year that has helped to inform the process for the development of the 2022-2023 Staff-Recommended Budget. To date, the Committee has received an overview of the District's projected financial position for the current year, discussed the continuing challenges presented by the COVID-19 pandemic, considered risks that are relevant to the development of the budget and discussed academic staffing recommendations. In addition, members of COW Budget and other committees have expressed opinions regarding the priorities for the OCDSB in the coming year. In developing its recommendations, staff has considered those suggestions as well as input provided by principals, managers and others throughout the year.

The provincial guidance is that the District's 2022-2023 Budget must be approved by the Board by the end of June 2022. The meeting dates to achieve this goal are:

1 March 2022	Update on budget development, the GSN and academic staffing
29 March 2022	Approval of academic staffing
30 May 2022	Presentation of the staff-recommended budget
8 June 2022	Public delegations, budget debate commences
14 June 2022	Budget debate continues
16 June 2022	Budget debate (if required) and recommendations to Board
20 June 2022	Board approval of staff-recommended budget

The development of a budget is always complicated because of the necessity to rely on estimates. Line items for both revenues and expenses rely on the estimates of enrolment, general price increases, trends in staff recruitment and retention, and benefit costs. The capacity to use the accumulated surplus in balancing the budget also relies on forecasts of the current year's financial results. A conservative approach has been employed in establishing the budget recommendations.

For 2022-2023, the staff-recommended budget is mainly focused on maintaining supports for students while continuing to manage the additional costs of measures designed to maintain safe and healthy schools and working environments. However, the budget also continues to include funds to support the work required for progress towards the achievement of the goals of the strategic plan. This will support:

- The continued need to support investments in student learning devices, software licences and network infrastructure in response to the increased reliance on technology;
- The recognition that important investments in staff must be made to support equity and inclusion objectives;
- The continued focus on reengagement with students and on supporting the mental health of students and staff; and
- Ensuring capacity to support school administration in managing the costs associated with student supervision.

The 2019-2023 Strategic Plan, a copy of which is attached as Appendix A, has guided the development of the budget recommendations. Staffing enhancements are aligned to provide students with excellent learning opportunities reflective of the caring, supportive and innovative culture envisioned by the Board and to ensuring staff contributions to the learning environment are appropriately supported. The recommendations reflect the District's commitment to the responsible stewardship of environmental, human and financial resources. The continued use of the District's accumulated surplus is reflected in the recommendations.

4. <u>Consideration of the Ministry's Budget Requirements</u>
The Ministry of Education announced the Grants for Student Needs (GSN) on February 17, 2022. It also announced the Capital and many Priorities and Partnerships Fund (PPF) grants at the time.

It is important to recognize that the Board is required to adopt a "compliant" budget by June 30, 2022. The *Education Act* allows the use of accumulated surplus to balance the operating budget, but it also restricts the use in any school year to 1.0% of the operating grants provided by the Ministry. In the case of the budget currently recommended by staff, the approval of the Minister will be required and staff is in the process of obtaining that approval. The following excerpt from the *Education Act* highlights the budget requirements.

The *Education Act* states:

> <u>Board shall adopt estimates</u>
> 232 (1) Every board, before the beginning of each fiscal year and in time to comply with the date set under clause (6) (c), shall prepare and adopt estimates of its revenues and expenses for the fiscal year. 2009, c. 34, Sched. I, s. 4.
>
> <u>Same</u>
> (2) Where final financial statements are not available, the calculation of any amount for the purposes of this Act or the regulations shall be based on the most recent data available. 2009, c. 34, Sched. I, s. 4.
>
> <u>Balanced budget</u>
> (3) A board shall not adopt estimates that indicate the board would have an in-year deficit for the fiscal year. 2009, c. 34, Sched. I, s. 4.
>
> <u>Exception</u>
> (4) Despite subsection (3), a board may adopt estimates for a fiscal year that indicate the board would have an in-year deficit for the fiscal year if,
>
>> (a) a regulation is made under subsection 231 (2) and the estimated in-year deficit would be equal to or less than the maximum amount determined in accordance with that regulation;
>>
>> (b) the Minister has approved a deficit under clause 231 (1) (b) and the estimated in-year deficit would be equal to or less than the amount approved by the Minister;
>>
>> (c) an in-year deficit is permitted as part of a financial recovery plan under Division C.1; or
>>
>> (d) the board is subject to an order under subsection 230.3 (2) or 257.31 (2) or (3). 2009, c. 34, Sched. I, s. 4; 2019, c. 7, Sched. 20, s. 3.
>
> <u>Minister’s approval</u>
> (5) In deciding whether to grant his or her approval for a fiscal year for the purpose of clause (4) (b), the Minister shall consider the factors set out in subsection 231 (3). 2009, c. 34, Sched. I, s. 4.

KEY CONSIDERATIONS:

5. Budget Risk

Annually, staff evaluates significant risk factors that could affect the following year's financial outcomes. Variability in projected enrolments (and consequently funding) is always considered, as well as assumptions around future cost pressures in response to unforeseen service needs. Key risks include:

- Enrolment variability;
- Fluctuations in revenues and expenses;
- Normal in-year budget pressures;
- Reduced capacity to support planned deficits; and
- The economic and political environment.

Repercussions of the ongoing COVID-19 pandemic represent a continuing uncertainty that permeates all key risk areas; however, the availability of vaccines and broad community exposure to the Omicron variant will, hopefully, allow students and staff to return to a more normal learning environment for the coming year.

6. Enrolment Variability

Student enrolment projections for the school year are one of the most critical elements affecting budget development. Enrolment is measured twice each year and reflected as average daily enrolment (ADE). The enrolment projections are based on trends, knowledge of changing municipal demographics and District initiatives such as the opening of new schools, boundary and program changes, as well as the opening of new schools by other school districts. On a system basis, enrolment projections have usually been close to 1.0% of actual enrolment; however, there can be larger school-by-school variances that can create staffing pressures or savings opportunities.

A cautious approach has been adopted to projecting 2022-2023 enrolment. The recommended budget shows projected 2022-2023 day school ADE of 74,165 and corresponds with the enrolment submitted to the Ministry in November 2021. This number represents an ADE increase of 1,187 (1.63%) relative to the 2021-2022 budgeted ADE of 72,978.

As pandemic concerns wane and public confidence in resuming normal activities improves, it is expected that there will be additional in-year enrolment. Increased enrolment will be accompanied by additional funding and, potentially, additional student support costs. In fact, recent assessments confirm continued enrolment growth and a provision of $1.1 million in net funding is reflected as miscellaneous revenue in the estimates. Staff will proceed with the mandatory teacher and early childhood educator (ECE) staffing required by the collective agreements and/or regulation. If necessary, a report identifying any additional required investments would be presented to COW during the 2022-2023 school year.

7. Fluctuations in Revenues and Expenses

The revenues and expenses in the recommended budget have been prepared based on recent experience and influenced by assumptions regarding both known and anticipated changes. For example, compensation costs will change as a result of increased staffing levels and to reflect changes in benefit premiums. Although the additional budget provisions are believed appropriate, there are always fluctuations in the actual staffing patterns as compared to the assumptions used for budget purposes. These fluctuations create variances that must be monitored on a continual basis in an effort to improve budget accuracy and to mitigate any adverse financial consequences.

8. Normal In-Year Budget Pressures
From time to time, departments and schools must respond to emerging needs not specifically provided for in the annual budget. In the past, the District has had to address pressing health, safety and student accommodation issues, provide additional staff resources to support students in special education programs, acquire additional classroom technology for students and teachers, and respond to extenuating weather-related maintenance needs that created spending pressures. Monitoring actual performance in relation to the Board's approved budget allows for the identification of opportunities to reallocate resources to meet such needs.

9. Reduced Capacity to Support Planned Deficits
In recent years, the District has used its accumulated surplus to support planned deficits. This is a strategic approach: It recognizes that there are often operational savings within budgets that result from in-year spending decisions. Budgeting for a small deficit provides an opportunity to meet student needs that may not otherwise be met. In addition, the accumulated surplus has been recently used to acquire portables given the growth of the student population. More recently, it has been used to fund improvements to administration buildings. There is reduced capacity to support planned deficits as the accumulated surplus is drawn upon.

10. The Economic and Political Environment
Significant costs have been incurred by all levels of government in response to the pandemic. These costs include staff replacement and supports, additional costs for multi-faceted health needs, expanded requirements for personal protective equipment (PPE) and costs associated with enhanced ventilation. Although the pace of investment will slow relative to the past two years, some of the costs will continue in the coming year.

In addition, significant inflationary pressure has been observed by the District as a result of global supply chain issues and, more recently, the conflict in Ukraine. Although some provision to cover the increased costs of supplies, services and utilities is reflected in the recommended budget, prudent management of financial resources will be required to help maintain a healthy learning environment with appropriate supports for students.

Another matter that will affect all Ontario school boards in the coming year is collective bargaining. The current central agreements expire August 31, 2022 and staff anticipate that negotiations will commence at some point during 2022-2023. It can be assumed that significant wage increases will be pursued during the bargaining process given the wage restraints imposed over the past three years and the current high level of inflation. As in past years, the District will assume that costs arising from collective bargaining will be funded by the Ministry.

The Ontario provincial election will be held on June 2, 2022. Elections introduce uncertainty into budget planning because government priorities may not be fully articulated until well after the election. In addition, the large deficits incurred by the province in recent years in response to the pandemic will have to be managed. It is possible that the District may have funding reductions at some point starting in 2023-2024 and this will translate into a need to identify savings in all areas of the District's services while continuing to respond to the needs of students and families.

11. Summary of Changes in the Operating Budget

Table 1 compares the total revenues and expenses for 2022-2023 with the current year. The deficit is expected to be $9.0 million.

Table 1 - Comparison of Staff-Recommended Budget to Approved Budget

	2022-2023 Recommended Budget	2021-2022 Approved Budget	Change	Change
	$	$	$	%
Revenues	1,046,678,295	995,997,568	50,680,727	5.09
Expenses	1,055,669,715	1,010,885,957	44,783,758	4.43
Deficit	(8,991,420)	(14,888,389)	5,896,969	

Appendix B presents a summary of planned expenses by funding envelope.

12. OCDSB Financial Position

The District's 2021-2022 Budget assumed a $14.9 million deficit to be supported using the District's accumulated surplus. The most recent forecast, which is presented in Report 22-031, 2021-2022 Updated Financial Forecast (March), anticipates a reduced deficit approaching $14.1 million. If realized, the draw on accumulated surplus will be $796,381 less than originally estimated.

Having a healthy accumulated surplus is important because the *Education Act* allows the Board to use it to balance its operating budget. However, the *Act* also restricts use of accumulated surplus in any school year to 1.0% of the operating grants provided by the Ministry. This amount for 2022-2023 is close to $9.2 million. For the past two years, the Ministry has also allowed school boards to plan for the use of an additional 1.0% of accumulated surplus to address COVID-related needs. The Ministry has not extended this provision for the coming year.

Table 2 presents the components of accumulated surplus and shows the anticipated use of $9.0 million. The proposed alignment of accumulated surplus at the end of the year is also shown. The Ministry has been advised of the circumstances underlying the continued reliance on the accumulated surplus.

Table 2 – Accumulated Surplus Available for Compliance

	Projected as at 31 Aug 2023	Projected as at 31 Aug 2022	Change increase (decrease)
	$	$	$
Available for compliance			
Restricted-committed capital	11,620,084	12,372,018	(751,934)
Internally appropriated			
Extended Day Program	(1,139,366)	(1,139,366)	-
Budgets carried forward	2,000,000	2,500,000	(500,000)
Business Systems	1,000,000	1,000,000	-
Contingencies	8,500,000	9,200,000	(700,000)
Unappropriated	200,826	7,240,312	(7,039,486)
	22,181,544	31,172,964	(8,991,420)

The most recent forecast presented to COW Budget was used as the basis for projecting the accumulated surplus available at August 31, 2022.

13. Revenues

As illustrated in Table 1, a projected revenue increase of $50.7 million is expected in 2022-2023. This is a significant increase relative to the 2021-2022 Budget. The increase reflects increased grants resulting from anticipated higher enrolment, the effect of funding benchmark increases to help with inflationary pressures and information technology infrastructure, improved Extended Day Program (EDP) revenues due to normalization of participation rates following the temporary pandemic-related decline, increased deferred capital contributions (DCC) relating to amortization costs, and additional special purpose grants.

The anticipated revenues from all sources are summarized in Appendix C; however, additional commentary on the effect of higher enrolment and program participation is warranted. When reviewing the commentary, it is important to recognize that benchmark increases relating to salaries reflect a 1.0% provision for a cost of living adjustment (COLA) wage increase and this will account for some of the significant increases in the revenues. The District has estimated that the adjustment has resulted in a $7.0 million revenue increase generated across the various allocations that comprise the GSN. In accordance with Ministry requirements, an equivalent amount has been reported as a provision for contingencies.

Enrolment Estimates and Grants

Enrolment estimates have 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 3 shows that the District's PFG is expected to be $12.0 million more than last year. The increase would have been less had the funding benchmarks not increased to reflect inflationary pressures, new investments for the broadband network and the 1.0% COLA provision.

Table 3 - Effect of Increased Average Daily Enrolment on Pupil Foundation Grant

	Enrolment (Pupils of the Board)			Pupil Foundation Grant		
	2022-23 Rcmd. Budget	2021-22 Budget	Change	2022-23 Recommended Budget	2021-22 Budget	Change
				$	$	$
Elementary	50,560	49,362	1,198	284,627,093	274,092,287	10,534,806
Secondary	23,605	23,616	(11)	139,805,152	138,376,478	1,428,674
Total	74,165	72,978	1,187	424,432,245	412,468,765	11,963,480

Some notable increases to other grants are:

- The Special Education grant will increase by $4.5 million. This includes the effect of additional enrolment and increased use of the Special Equipment Amount, growth in the Special Incidence Portion (SIP) and the introduction of a Local Special Education Priorities Amount;
- The School Foundation grant will increase by $1.5 million. The increase reflects the standardization of funding benchmarks for principals and vice-principals across both panels. It also includes the addition of a $75,000 Parents Reaching Out grant that was previously provided as a PPF grant;
- The School Operations grant will provide over $2.4 million in additional funding which will be used to support increased utility and services costs;
- The Indigenous Education grant is expected to provide close to $1.9 million in additional revenue. 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 increase in funding relates primarily to Indigenous studies where 5,000 pupil credits are anticipated as compared to the 3,503 pupil credits assumed in last year’s budget. The increase is attributable to enrolment in compulsory English credit courses which qualify for the supplemental funding. This grant is fully enveloped and a corresponding increase in expenses is reported;
- The Mental Health and Well-Being grant has increased by $1.1 million. Most of the increase is tied to new funding for student mental health initiatives;
- The Learning Opportunities grant will decrease by $1.1 million. The decrease is fully attributable to lower enrolment in literacy and numeracy programs that are offered outside of the normal school day. A reduction in the costs associated with the programs are also reflected in the budget; and
- The COVID-19 Learning Recovery Fund of $10.0 million is a new GSN allocation for the coming year. It replaces funding that was previously provided as a PPF grant. Approximately half of the funding has been used to support costs that were incorporated into the budget base in 2021-2022.

Priorities and Partnerships Fund (PPF) Grants
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.

Significant PPF funding totaling $6.5 million is shown in the recommended budget; however, this is a reduction of $4.2 million relative to the current year. The reduction recognizes the significant pandemic-related funding that was provided to the District for 2021-2022 that isn't being provided as a PPF in the coming year. However, significant funding is being provided by the COVID-19 Learning Recovery Fund of $10.0 million that was added to the GSN and this more than offsets the decrease.

Appendix G presents the list of PPF grants included in the recommended budget.

It is also important to note that some of the PPF grants have been transferred to the GSN, as follows:

FSL Areas of Intervention	$296,634
Parents Reaching Out	$75,000
Learning and Innovation Fund for Teachers	$63,000
Supporting Student Mental Health	$90,482

Incorporating this funding into the GSN provides increased assurance that it will continue in future years.

Deferred Capital Contributions
Funding received to acquire or develop a depreciable tangible capital asset is termed a DCC. Such contributions are recognized as revenue at the same rate as the related tangible capital asset is amortized into expense. Straight-line amortization expense is based on the remaining service life of the asset.

Various capital projects will be completed and a variety of capital assets will be acquired during the coming year. 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 recommended budget shows that DCC revenue of $70.0 million will be recognized in 2022-2023. This is an increase of $8.7 million. The revenue increase substantially covers the additional amortization expenses reported in the staff-recommended budget.

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. It 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 recommended budget projects fees and facility charge recoveries of $9.2 million, an increase of $2.4 million relative to the budget for the current year. Enrolment is expected to be 570 students which is 127 more than last year.

The recommended budget also reflects a return of $1.0 million of OCENET's accumulated surplus which is reported as miscellaneous revenue.

Extended Day Program
EDP participation was strong prior to the onset of the pandemic. A significant decrease in the number of students attending the program occurred following the outbreak, but staff are optimistic that increased participation will be observed during the coming year. Previously, the program was serving approximately 5,500 students and registration trends suggest that the number of students will increase from the pandemic low of 1,400 to more than 3,800. Accordingly, the revenue generated to support this not-for-profit operation is expected to increase by $7.2 million for a total of $15.6 million.

Staff believe that the EDP is an integral part of the District's Early Learning programs. In fact, it is highly integrated with the kindergarten program in that the ECEs who work in the EDP also spend a portion of their day working in kindergarten classes. Recognizing recent government commitments to increase investments in child care in the coming years, the retention of qualified staff is extremely important. Furthermore, even though the current participation estimates are conservative in nature, it is expected that interest in the program will continue to increase during 2022-2023.

Additional information on the EDP budget is shown in the 2022-2023 Staff-Recommended Budget Binder, which is attached as Appendix H.

14. Expenses

There has been significant discussion during COW Budget meetings around the importance of ensuring that resources are allocated in a manner that enhances the cultures of innovation, caring, and social responsibility as identified in the District's 2019-2023 Strategic Plan.

A key task when developing the annual budget is an assessment of how the limited resources can best be used to achieve the desired outcomes. The staff-recommended budget attempts to balance needs to:

- Align with the strategic priorities identified by the Board for improving student achievement and well-being;
- Meet Ministry, regulatory and collective agreement obligations related to the number and/or the nature of positions established by the District;

- Maintain, to the extent possible, existing core services and supports provided by teachers and support staff; and
- Prioritize services and supports for students who may be at risk, for students who have traditionally been underserved as a result of systemic barriers, and for students with the highest needs.

The net increase in expenses for 2022-2023 in comparison to last year's approved budget is $44.8 million.

The most significant cost adjustments relate to the level of academic staffing. Most of the adjustments were previously approved by the Board through Report 22-026, Academic Staffing Plan for 2022-2023. The increases are primarily due to increased enrolment, although some refinements to staffing were made in response to the special education needs of students and in response to Board-identified priorities in the areas of literacy and guidance. In total, elementary staffing increased by 60.69 FTE while secondary staffing increased by 14.99 FTE.

In addition, 6.0 FTE principal and vice-principal positions were added as follows:

- The addition of 3.0 FTE school principals and vice-principals. The positions are required for the opening of Fernbank Elementary School and to assist with the planning needed for Stittsville Secondary and Half Moon Bay 2 Elementary schools which will both open in 2023-2024;
- The addition of 1.0 FTE principal in support of ongoing de-streaming of all compulsory courses in grade 9 and grade 10 math, with the goal of ensuring all students, especially those groups of learners underserved in present structures, have full access to all pathway opportunities;
- The addition of 1.0 FTE principal to provide dedicated support and coordination of the implementation of the commitments made in the Indigenous, Human Rights and Equity Roadmap; and
- The addition of 1.0 FTE vice-principal to coordinate and lead implementation of the Student Achievement Through Equity (SATE) initiative, including supporting parent and community engagement.

The staff-recommended budget also presents a number of changes to the staff complement. These include:

- Increases in response to increased enrolment in EDP (+85.35 FTE);
- Additional special education supports addressing both learning and mental health needs (+40.50 FTE);
- Augmenting central office staff in response to increased needs to support the system in the areas of information technology, health and safety, and community engagement (+6.0 FTE);
- Adding office staff to schools to ensure capacity to support new school openings (+2.5 FTE);
- Adding custodial staff to the Facilities department to ensure capacity to support new school openings (+2.0 FTE); and
- A net zero adjustment to the Child Care Program complement.

The recommendations, inclusive of those previously approved by the Board, reflect a net increase of 218.03 FTE, which if fully approved, would increase the staff complement to 8,326.43 FTE.

Other compensation adjustments are also reflected in the recommendations. Most of the adjustments relate to incremental costs that result from staff's movement on salary grids in response to increased qualifications and experience. A 1.0% COLA provision is separately identified as a provision for contingency in accordance with Ministry requirements.

A significant non-cash adjustment totaling $8.9 million is reflected in the staff-recommended budget. The adjustment relates to the tangible capital assets that are managed by the District. As a result of the increased capital investments that are projected to be completed by the end of 2022-2023, the net value of the asset portfolio is expected to increase. In accordance with accounting requirements, the amortization of an asset's value commences immediately upon completion of the capital project or upon acquisition of depreciable property. This accounts for the increased expenses that are shown. A similar increase in DCC revenue has also been reported in the recommended budget.

The changes in expenses are summarized in Appendix D based on cost groupings. Appendix E expands on these changes with additional detail, which includes explanations of how and/or why a change was recommended. Appendix F presents a comparative expense summary by program area.

15. <u>Capital Budget</u>

The 2022-2023 capital budget is a high-level spending plan that identifies the cumulative amount of planned spending by funding source. Total capital spending authorization is expected to be $124.5 million.

Use of funding identified as education development charges (EDC), school condition improvement (SCI), and the school renewal allocation (SRA) have either been previously approved by the Board with expected completion in 2022-2023 or are subject to further Board approval. Such approvals may be submitted individually (e.g., land acquisition) or be identified as part of the Facilities department's comprehensive capital spending program.

Of the total capital budget, $7.8 million has been identified to acquire physical assets such as furniture, equipment and computers. These assets, commonly referred to as minor tangible capital assets (MTCA), are supported by the use of GSN funding that has been set aside for such investments. If not used during the school year, the GSN funds identified for MTCA will be redirected to support operating costs in accordance with Ministry requirements. Acquisitions using MTCA are subject to procurement limits and processes authorized by Board policy.

Table 4 summarizes the anticipated capital spending capacity as presented in the 2022-2023 Staff-Recommended Budget.

Table 4 - Capital Spending Capacity by Funding Source (amounts in millions)

	Ministry Grants	MTCA Funding	EDC/ POD	Total
	$	$	$	$
Capital Priorities	35.0	-	-	35.0
Resilience Infrastructure Stream (CVRIS)	4.0	-	-	4.0
Child Care	1.5	-	-	1.5
Land (Development Charges) (EDC)	-	-	12.1	12.1
Proceeds of Disposition (POD)	-	-	6.0	6.0
School Renewal	9.0	-	-	9.0
School Condition Improvement	49.1	-	-	49.1
Furniture and Equipment	-	7.8	-	7.8
	98.6	7.8	18.1	124.5

Almost all capital funding sources have strict guidelines on the types of eligible expenses that may be incurred. For example, EDC are collected solely for the acquisition and/or servicing of land for new schools or for major renovations to existing schools. Similarly, school boards are required to direct 70% of their SCI funding to address major building components (e.g., foundations, roofs, windows) and systems (e.g., plumbing and heating, ventilation and air conditioning). The remaining 30% of SCI funding can be used to address the above listed building components or, alternatively, building interiors and surrounding site components (e.g., utilities, parking and pavements). SCI spending is restricted to depreciable assets and must also be reported to the Ministry in its prescribed format. Other capital grants have similar restrictions.

The most flexible funding source is the MTCA allocation established using the GSN operating allocation. The use of the funding is highly flexible given that any unspent money can be used for any operating need, but it is also the only grant funding specifically identified for the acquisition of furniture and equipment, including computers.

16. <u>In-Year Deficit Elimination Plan</u>
The Ministry requires that a board provide a deficit elimination plan when a district is projecting an in-year deficit. The plan identifies how the deficit may be eliminated within two fiscal years. Increased enrolment, managing transportation within available funding and the identification of various cost savings will form the basis of the plan.

RESOURCE IMPLICATIONS:

17. The District's combined operating and capital needs as shown in the 2022-2023 Staff-Recommended Budget is close to $1.2 billion. The spending plan, which is aligned with the strategic plan, serves as the foundation for financial plans that will be presented in subsequent years.

The budget contains previously approved adjustments in the number of teachers in response to increased enrolment, more specialized classes for students with special needs, increases to supports for mental health issues that impact students, and investments in human and technological infrastructure.

The Board's past decision to establish a provision for contingencies as an appropriation within the accumulated surplus has allowed the District to support larger than expected planned deficits in recent years. In the absence of this critical decision, it is likely that some recent decisions to invest in system priorities would have instead been removed from the Board-approved budget.

The 2022-2023 Staff-Recommended Budget anticipates the continued use of the District's accumulated surplus in an amount that is compliant with the level authorized by the *Education Act*. This amount, commonly referred to as the 1.0% compliance limit, restricts its use to $9.2 million. The recommended budget proposes the use of $9.0 million of the accumulated surplus.

COMMUNICATION/CONSULTATION ISSUES:

18. Staff has continued to take into account the advice received from COW Budget, Board advisory committees, principals and other staff. Information regarding pandemic-related challenges received from Ottawa Public Health, the Ministry and other organizations has also been considered as part of the overall budget recommendations. As in past years, recommendations have been guided by the Board's strategic plan.

The District website includes a landing page for financial information with quick links to both the current budget and budgets for prior years. Relevant supporting information such as budget questions and answers is also available. The webpage has been updated so that focus is placed on the development of the 2022-2023 Staff-Recommended Budget. Access to all public documents, such as budget reports and presentations, is easily obtained 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 is made to respond to questions in a timely manner. Responses are published in a 'questions and answers' document that is posted on the website.

RECOMMENDATIONS:

A. THAT the unconsolidated 2022-2023 operating budget of $1,055,669,715 as presented in Report 22-032, 2022-2023 Staff-Recommended Budget and detailed in the 2022-2023 Staff-Recommended Budget Binder be approved; and

B. THAT the 2022-2023 capital budget of $124,502,751 as presented in Report 22-032, 2022-2023 Staff-Recommended Budget and detailed in the 2022-2023 Staff-Recommended Budget Binder be approved.

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 – Enveloping by Program Area
Appendix C – Comparative Summary of Grants and Other Revenues
Appendix D – Summary of Changes in Operating Expenses
Appendix E – Explanations of Changes in Operating Expenses
Appendix F – Comparative Summary of Operating Expenses by Program Area
Appendix G – Priorities and Partnerships Fund Grants
Appendix H – 2022-2023 Staff-Recommended Budget Binder