



COMMITTEE OF THE WHOLE (BUDGET)
Report No. 23-034

23 May 2023

2022-2023 Updated Financial Forecast (February)

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PURPOSE:

1. To explain changes reflected in the District's 2022-2023 Updated Financial Forecast as compared to the District's 2022-2023 Budget.

STRATEGIC LINKS:

2. 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.

CONTEXT:

3. The Ministry of Education requires school boards to approve and submit annual budget estimates by the end of June preceding the beginning of a new school year. The Board approved its 2022-2023 Budget on 14 June 2022.

The Ministry 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.

The Ministry also requires the Ottawa-Carleton District School Board (OCDSB) to remit monthly forecasts to ensure that it is on track to maintain the financial position reported in June 2022. This report reflects the latest forecast submitted to the Ministry in February 2023. In comparison to the approved budget, we continue to experience increasing replacement and operational maintenance costs. Offsetting these costs present savings in salaries due in part, to extended vacancies.

KEY CONSIDERATIONS:

- 4. In June 2022, the Board approved the 2022-2023 Budget authorizing expenses totaling \$1,055.8 million. Funding of the expenses was provided through grants and other revenues totaling \$1,046.7 million. This resulted in a planned deficit of \$9.1 million.

The District’s 2022-2023 Updated Financial Forecast continues to project a deficit of \$9.1 million.

Table 1 compares the anticipated deficit reflected in the updated forecast with the amount originally budgeted.

Table 1 – Comparison of Updated Forecast and Budget

	Updated Forecast	Budget	Change	Change
	\$	\$	\$	%
Revenues	1,071,121,712	1,046,678,295	24,443,417	2.33
Expenses	1,080,283,129	1,055,839,712	24,443,417	2.31
Deficit	(9,161,417)	(9,161,417)	-	

Changes to revenues and expenses since the approval of the 2022-2023 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.

5. Enrolment Estimates

The 2022-2023 Budget was developed using enrolment estimates established in early 2022. Average Daily Enrolment (ADE) levels have a direct impact on funding and also affect related instructional expenses. The approved budget reflected ADE of 50,561 for elementary and 23,605 for secondary (excluding high credit and adult day school enrolment).

The updated forecast reflects elementary ADE of 51,450 students, which is an increase of 889 students from the approved budget. Secondary day school enrolment ADE is projected to be 24,122 students which is an increase of 517 students from the approved budget.

Other allocations that comprise the Grants for Student Needs (GSN) are affected by changes in enrolment and student demographics, those with the more significant changes are identified on Appendix A.

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).

Instructional salaries increased significantly during revised estimates due to the increase in ADE; however, forecasts indicate salary costs will be approximately \$10.0 million below budget expectations due to extended vacancies and lower salary costs for newer teachers.

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 updated forecast, the District has assumed that supply teacher costs of \$32.7 million will be incurred. This amount is \$12.7 million more than budgeted. The District continues to struggle with absenteeism costs and will continue to monitor trends to promote a healthy workplace that fosters employee well-being and improved student outcomes.

8. Student Transportation

Transportation of the District's students is provided by the Ottawa Student Transportation Authority (OSTA). Amounts reflected in the 2022-2023 Budget were based on information received from OSTA. The estimates have been updated and costs have not increased from the original budget. Transportation continues to remain on budget at \$47.2 million.

9. 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 decrease of approximately \$1.0 million, all of which pertains to labour shortages in Ottawa.

School renewal costs are projected to increase significantly by approximately \$1.5 million. The OCDSB continues to review maintenance requirements in an effort to remain within the funding allocated by the Ministry.

10. Other Non-Instruction Costs

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

Continuing Education programs are supported by specific funding, including funding from the federal government and various government ministries. Compensation costs shown in the updated forecast remain unchanged.

The anticipated value of personal protective equipment (PPE) being provided by the Ministry of Government and Consumer Services (MGCS) is expected to be \$2.6 million. This amount is shown in the "Other" category on Appendix B. An equivalent amount of in-kind revenue has been reported.

11. **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 has continued to increase as parents return to work and students return to school full-time. It is currently operating with approximately 4,334 students which represents approximately 80% of pre-pandemic participation rates.

Initially, the EDP was budgeted to be in a deficit position this school year; however, due to an increase in surplus government funding and reduced labour costs, the program is expected to break-even at the end of the year.

12. **Child Care Program**

The Infant, Toddler and Preschool (ITP) program operates at two sites and provides 88 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.

13. **Other Net Revenue Adjustments**

Community Use of Schools (CUS) oversees the public's after-hours use of school facilities such as gymnasiums and sports fields. As restrictions are removed, there is a return to pre-COVID activities resulting in a slight increase in revenues of \$370,000.

Other miscellaneous revenues have increased due to higher interest rates and increased OCENET revenues.

14. **Summary**

The District's 2022-2023 Updated Financial Forecast includes the impact of a slight enrolment decrease compared to revised estimates, increased staff replacement costs and delays in capital projects which increase portable costs. Portable costs impact the District's available accumulated surplus.

The updated financial forecast shows expenses of \$1,080.2 million, revenues of \$1,071.1 million and a projected deficit of \$9.1 million.

RESOURCE IMPLICATIONS:

15. The District's 2022-2023 Budget showed a planned deficit of \$9.1 million. The District's 2022-2023 Updated Financial Forecast shows the same planned deficit. The deficit is compliant with the Ministry's budget compliance framework.

COMMUNICATION/CONSULTATION ISSUES:

16. The 2022-2023 Updated Financial Forecast was prepared by Finance staff in consultation with other departments.

GUIDING QUESTIONS:

17. 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?

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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