

COMMITTEE OF THE WHOLE (BUDGET)
Report No. 23-047

31 May 2023

2023-2024 Staff-Recommended Budget

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PURPOSE:

1. To present the staff recommended operating budget for the 2023-2024 school year.

STRATEGIC LINKS:

2. The annual budget is directly connected to an organization's strategic plan. This year, the OCDSB has undertaken extensive consultation to develop a new strategic plan for the period 2023-2027. This consultation has been extremely helpful to the budget process and has informed the development of budget priorities. While the new strategic plan has not yet been approved, the key values of Learning, Equity, Community Building, the Responsible Stewardship of Resources, plus Growth and Development are reflected in this budget. The stewardship of financial resources continues to be one of the primary functions of the Board and the budget will set the operating plan for the coming year.

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.

After several years of using the accumulated surplus to balance deficits in the operating budget, the 2023-2024 budget was forecasted to have a continued shortfall, due in part to the anticipated removal of \$10.0 million in COVID-19 funding and changes in provincial transfer payments. Recognizing this, the Board realized \$2.3M in savings through academic staffing, understanding that further reductions would need to be made in the operating budget. On receipt of the Grants for Student Needs (GSN), a more detailed analysis was undertaken and a budget shortfall of \$19.0 million was confirmed. In addition to the deficit and loss of Covid funding, the District also experienced changes in funding related to Indigenous education, a lack of funding for inflationary pressures, future salary costs, and increased temporary accommodation/portable costs due to enrolment pressures in schools.

In developing the recommended budget, staff followed the same principles that were used to inform the academic staffing plan, with an effort to ensure the operating budget would:

- align with the strategic priorities identified by the Board for improving student achievement and well-being; and
- meet Ministry, regulatory and collective agreement obligations; and
- maintain, to the extent possible, existing core services and supports; and
- prioritize services and supports for students who may be at risk, students who have traditionally been underserved by typical structures, and students with the highest needs; and
- consider the impact on the overall budget, including other staff supports that may be required to meet student needs and District priorities; and
- consider potential funding and funding parameters.

While the primary focus was to identify opportunities for fiscal savings in order to present a balanced budget, the staff recommended budget includes several recommendations for investment in key priority areas, most notably relating to human resourcing, replacement workers, training for staff in behaviour management, and greening.

The total value of the unconsolidated 2023-2024 operating budget is \$1,100,848,097, with a 2023-2024 capital budget of \$140.3 million.

KEY CONSIDERATIONS:

Ministry Funding

4. On 17 April 2023, the Ministry of Education released the memos, technical papers and the Education Finance Information System (EFIS) for the 2023-2024 school year. Upon review of the information, the Ministry has increased student-based funding by 2.7% or \$33.0 million; however, the funding increase includes amounts for future salary increases totaling \$14.0 million. These funds are required to be held back to ensure that the Ottawa-Carleton District School Board (OCDSB) can meet future union contract agreements. The Ministry has provided a 2% increase to manage increased costs such as utilities and other student accommodation needs. It will also continue to provide funding for ventilation supports through the School Operations Allocation. For more information please see Appendix A - GSN Grant Allocation.

The Ministry announced several new funding initiatives or changes to funding which include:

- Funding for principals, vice-principals and office administrators for Ottawa-Carleton Virtual (OCV) schools;
- Funding for safe and clean schools;
- A realignment of Indigenous funding;
- An interim Special Incidence Portion (SIP) funding approach; and
- A new funding formula for student transportation.

Additional information on these initiatives and funding changes is provided in the body of this report.

The changes in Grants for Student Needs (GSN) include:

- A projected student growth of approximately 2,638 average daily enrolment (ADE) for the 2023-2024 school year in comparison to the 2022-2023 Budget;
- This growth in ADE, along with an increase in base funding, increases revenues by \$25.0 million compared to the 2022-2023 Budget. Including other revenues such as LOG, Special Education and other enveloped programs the total increase in GSN revenues is \$33.0 million;
- The Ministry removed COVID-19 funding (\$10.0 million);
- A realignment of Indigenous funding reduces classroom funding by \$5.6 million;
- The Ministry has also provided a one-time funding realignment of \$1.2 million to bridge the loss of Indigenous funds previously used towards classroom costs; and
- A \$13.8 million realignment for transportation which will be phased out over the next four years.

Detailed information about these changes is detailed below.

5. Overview of Ministry Funding for the 2023-2024 School Year

Labour Expenses Pending Central Collective Bargaining

The Ministry requires school districts to include future salary increases in their budget when contracts are in negotiation. School districts across the province are required to budget for a \$1/hour increase for all educational support professionals (ESP) employees, and a 1.25% annual increase for teachers. The OCDSB will include \$14.0 million for the salary labour provision that includes increases for 2022-2023 and the full cost for 2023-2024.

Supports for Students Fund

Supports for Students Fund (SSF) funding will continue for the 2023-2024 school year while contracts remain in negotiation. The OCDSB will receive \$7.2 million in funding which is a \$200,000 increase from 2022-2023.

For a detailed breakdown of SSF funding please see Appendix D.

Transportation Funding Change

In the 2023-2024 school year, the Ministry will implement the new Student Transportation Grant funding framework which will move away from funding based on ADE to a home-to-school distance eligibility model.

Funding will be provided to help with the transition of the program. The amount provided by the Ministry is \$13.8 million, but this funding will be phased out over the next four years. It is unclear at this time how this will be implemented.

School Funding – Remote Learning

The Ministry is providing funding for administrative costs for OCV schools in the 2023-2024 school year. Prior to this, OCV schools did not receive School Foundation funding for the costs of principals, vice-principals or office administration. The new funding will provide \$479.27 per ADE attending OCV schools. The current projection is 609.05 ADE to attend OCV schools in 2023-

2024 which results in an additional \$292,000. This funding does not meet the current administration costs of the OCV schools. To off-set some of this shortfall, a portion of the SSF positions were used to minimize the impact on the GSN funding.

Table 1 - OCV School Allocation Costs

OCV Elementary	Cost
Principal	138,937
Vice-Principal	132,855
School Support Staff x2	124,387
Total Cost	396,179
OCV Secondary	
Principal	138,937
Vice-Principal	132,855
School Support Staff	62,193
Total Cost	333,985
Total Cost of OCV Administration	730,164
Deduct Supports for Students Funds	- 213,274
Total Funding	292,000
(Deficit)	- 224,890

Safe and Clean Schools

Funding will be provided for additional student support to enhance well-being and to maintain clean schools. School boards are expected to use the funding towards professional student services personnel (PSSP), educational assistants (EAs) and custodial services. The amount allocated for 2023-2024 is \$500,000.

Realignment of Indigenous Education Funding

The Ministry has reviewed the Indigenous Education Grant and is realigning funding to better support Indigenous priorities. These changes will redirect the majority of funding to the Board Action Plan (BAP). This reduces the funding used to offset classroom expenses for Indigenous-based courses by approximately \$5.6 million, but a one-time realignment fund of \$1.2 million to the GSN is provided to offset the decrease in previously recognized revenues. This funding realignment will ensure the majority of the enveloped funding be invested in targeted Indigenous activities. The additional investment of an Indigenous Language Lead Coordinator and further investments in line with the BAP will continue to progress in conjunction with the Indigenous community as the parameters and priorities are better defined.

The Indigenous Education Funding grant provides supplemental funding to “enable and encourage school boards to offer First Nations, Metis and Inuit Studies courses to support the learning of Indigenous histories, cultures, and perspectives for all students across Ontario”. When combined with Per Pupil Funding, the supplemental funding ensures boards are able to run sections with lower enrollment than outlined in collective agreements.

For the 2022 - 2023 academic year, the District allocated 3.67 FTE across secondary schools to offer these courses. This represented a total of 22 sections. For the 2023 - 2024 school year. The total number of sections required for 2023 - 2024 is 40. This represents an increase of 18 sections and 3.0 FTE from the current year for a total allocation of 40 sections or 6.67 FTE for the 2023 - 2024 academic year.

Interim Special Incidence Portion (SIP) Funding Approach

The funding model for SIP in the 2023-2024 school year is being reviewed in an attempt to modernize how the funds are allocated. While this review is undertaken, funding will be allocated based on the Board's historical SIP funding, plus a growth rate will be applied.

Priorities and Partnerships Fund (PPFs) Moving to the GSN

If a temporary program funded through PPF funding becomes permanent the Ministry will move the program to the GSN. In 2023-2024, the following PPFs will move to the GSN:

- Specialist High Skills Major (SHSM) Expansion (\$60,000);
- Early Math Intervention for Students with Special Education Needs (\$114,600); and
- Demographic Data Gathering (\$39,700).

For more information on PPF funding for 2023-2024 please see Appendix B - PPF Summary

Miscellaneous Revenues

Miscellaneous revenues have increased by \$18.5 million. The increases include additional PPF funding, EDP/ELC revenues, OCENET revenues and contributions have also increased. The OCDSB will also increase rental costs for Community Use of Schools by 5% for an additional \$300,000 in revenues to help off-set the growing costs to provide these subsidized services.

6. Financial Pressures for the 2023-2024 School Year

Investing in Staff Replacement Costs

Staff replacement costs have historically been a budget pressure; however, during the COVID-19 pandemic a significant increase in those costs that continue to provide pressures to the budget that must be properly planned. The current budget is increasing the allocation by \$11.5 million to increase the occasional teacher (OT) budget line to \$31.5 million which better aligns with previous year expenditures.

Transportation

The Ministry is implementing a new student transportation funding framework that moves away from funding using ADE to a funding system based on the following:

- The number of students deemed eligible based on common home-to-school distance thresholds applied to all school boards;

- Determining the optimal number of school bus routes required in addition to leveraging the use of public transit where services are available;
- Establishing transparent benchmarks that are intended to represent the cost of services such as:
 - Annual cost of purchasing and operating school buses;
 - Continuing to reflect changes in market prices of fuel, including a mechanism for fuel price adjustment (fuel escalator/de-escalator);
 - Setting compensation benchmarks for school bus drivers (such as an average hourly wage benchmark of \$23 and 13% for statutory benefits); and
 - Including a provision for spare capacity.

These changes will significantly reduce transportation funding over the next four years as the bridge funding is clawed back. This will require a significant review of how student transportation is provided. This is already under discussion with OSTA.

Temporary Accommodation (Portable Costs)

Due to inflationary pressures and labour shortages in the greater Ottawa area, new school builds were delayed causing other schools in the District to experience student growth that can not be accommodated without portables. The Ministry does provide funding for portables and the cost of moving, but the amount is insufficient. A projection of \$3.0 million in portable expenses is anticipated, but only \$1.3 million in funding has been received. The remainder will come from the surplus/deficit.

Although the Ministry has recently approved two new school builds, portable pressures are expected to continue.

Table 2 - Portable Breakdown (amounts in millions)

	2022-2023	2023-2024
Revenues	1.8	1.3
Expenses	2.0	3.0
Surplus/(Deficit)	(\$.02)	(\$1.7)

Inability to Support Planned Deficits

The accumulated surplus has been used to balance the previous two budgets. Moving into the 2023-2024 Budget, the majority of the accumulated surplus has been exhausted. The Ministry expects the remittance of a balanced budget in 2023-2024 and a rebuild of the surplus in future budget remittances.

Inflation

Globally, inflation continues to be a significant issue specifically affecting buying power and putting pressure on schools and departments to make difficult decisions when making purchasing decisions. The rising cost of living is also part of contract negotiations, with unions negotiating higher wages for its members which adds further pressure to the ability to meet the operational needs of schools and departments.

Table 3 - Deficit Breakdown (amounts in millions)

Opening Deficit (2022-2023)	(\$9.1)
<u>Increased Salary Costs</u>	
Salary and Benefits	(29.1)
Occasional Teacher Costs	(11.5)
<u>Increased Operational Costs</u>	
Transportation	(2.4)
Utilities	(0.5)
Portables	(1.0)
Amortization	(6.9)
Misc. (includes PPF)	(8.7)
Current Initiatives (see table 5)	(1.2)
Total Deficit Prior to Funding	(\$70.5)
New Funding (2023-2024)	
Increased GSN (before increased MTCA)	48.5
Loss of COVID-19 funding	(9.9)
Loss of Indigenous funding	(5.6)
Increase in Other Revenues	18.5
Total Additional Funding	\$51.5
Total Deficit	(\$19.0)

For a complete breakdown of revenues and expenses please see Appendix Deficit Breakdown.

7. Capital Budget

The 2023-2024 Capital Budget is a high-level spending plan that identifies the cumulative amount of planned spending by funding source. Total capital spending authorization is anticipated to be \$140.3 million.

Almost all of the capital funding provided by the Ministry has strict guidelines regarding how the funds can be spent. These funds cannot be used to increase operational budgets or used for projects outside of the guidelines.

Table 4 - Capital Costs (amounts in millions)

	Ministry Funding	MTCA	Accum. Surplus	EDC	Total Capital Funding
Capital Priorities	61.90				61.90
Land (EDC)				3.40	3.40
COVID-19 Resilience Infrastructure Stream	3.20				3.20
Childcare	3.00				3.00
School Renewal	10.80				10.80
School Condition Improvement	51.70				51.70
Portable Purchases			0.93		0.93
Furniture, and Equipment		5.20			5.20
Total	\$130.60	\$5.20	\$0.93	\$3.40	\$140.10

8. Savings, Efficiencies and Opportunities

When looking for opportunities to balance the budget, the focus is to leverage cost saving opportunities with the intent to minimize the impact on students and staff. The staff recommended budget reflects the best opportunities for savings or the redirection of funding while safeguarding both current and future staff and students. We must ensure today's decisions impact positively into the future.

The following areas outline the main savings applied to the 2023-2024 \$19.0 million deficit to produce a balanced budget.

Finding Savings through Salary Efficiencies

During the academic staffing process for the 2023-2024 school year, the Board approved an investment of \$528M in academic staffing positions (4,984.67 FTE), which included a reduction of 21.23 discretionary full-time equivalent (FTE) for a savings of \$2.3 million.

A detailed review of staffing budgets and turnover has identified an additional savings of approximately \$7.0 million in salary-related costs. This savings is generated through the difference in average salary costs for experienced employees at retirement and the lower average salary costs for new hires.

Funding for the lunchtime monitor program was temporarily increased during COVID-19 to address the unique supervisory needs generated by the pandemic. With the lifting of many restrictions, usage of the funding has returned to pre pandemic levels. The budget allocation has been realigned accordingly, generating a savings of \$300,000 for 2023-2024 staff recommended budget which still provides more hours per school than pre-pandemic levels. .

The total savings through salary efficiencies is \$9.6M (including savings confirmed through academic staffing).

Finding Savings through Budget Efficiencies

Wherever possible, opportunities for budget efficiencies and/or optimization of revenue streams were identified. One area of focus was ensuring that all special purpose allocations were fully optimized, including fully leveraging deferred funding opportunities in the Special Equipment Amount (SEA) allocation. This resulted in the transfer of \$1.2 million of special education related expenses from regular GSN funding to optimize the use of SEA funding.

Minor Tangible Capital Assets (MTCA)

The Business, Learning and Technologies (B<) department identified a one-time savings opportunity by reducing computer and license purchases for the 2023-2024 school year. Similarly, the Facilities department has reduced its vehicle leasing requirements. Together, these two efficiencies allow for the redirection of \$2.6 million of funding back to revenues. This is a one-time efficiency which will require a corresponding offset to increase MTCA funding for B< in the next budget year.

Priorities and Partnerships Funding (PPF)

Based on information currently available on new Priorities and Partnership Funding for the 2023-2024 school year, there appears to be some opportunity to leverage those funds to maintain discretionary teaching positions in specific program areas. The use of existing staff means the programs will be implemented by those familiar with the program requirements and the students they will be working with. Labour shortages would have made it difficult to find the additional qualified external hires which would cause unnecessary delays in the program. The savings to the GSN are expected to be \$2.0 million.

Department Budgets

The budget process included a full review of all departments and portfolio areas to leverage opportunities and find efficiencies. Items such as supplies, services and budgets not in use were reviewed and reallocated to initiatives that will enhance the educational experience of students and provide opportunities to staff to maintain their mental well-being. This exercise created \$1.8 million in savings that was used to offset other programs or classroom activities.

The Menstrual Product program budget was reviewed based on actual spending. Since the budget allocation was initially established by the Board, the Ministry has provided some additional support. As a result, the budget allocation is being reduced by \$400,000 to reflect the current spending levels. This change is not expected to affect the ability of students to access this program. If program monitoring indicates a need for more funding during the school year, a reallocation will be made to ensure the program meets the needs of the students.

School Budgets

School budgets will be reduced by \$1.0 million for the 2023-2024 school year. This aligns with reduced purchasing of paper-based textbooks and less photocopying at schools as advancing technology continues to make these items/activities less of a priority. However, the Board acknowledges that these

reductions may affect schools differently depending on the needs of students and staff. Therefore a review of how the redistribution will be implemented will take place over the summer months to ensure an equitable lens is used to enable all schools to meet the needs of students and staff.

Facilities Savings

The Facilities department's budget was reviewed to find efficiencies and opportunities. Custodial staff overtime, cleaning services, clock maintenance, radio repairs, and mileage budgets were realigned to match current expenses. In addition, the vehicle replacement budget was reduced by approximately \$130,000. The total savings is \$500,000.

Table 5 - Areas of Savings (amounts in millions)

	Amount
Discretionary Teaching Positions	2.3
Decreased Average Salaries	7.0
SEA Deferred Revenues	1.2
Lunchtime Monitors	0.3
MTCA	2.6
PPF	2.0
Departmental Savings	1.8
Menstrual Product Program	0.4
School Budget	1.0
Facilities (MTCA not included)	0.4
Total Savings	\$19.0

For a complete breakdown of savings, opportunities and efficiencies please see Appendix D - Deficit Initiatives.

9. New Budget Initiatives for the 2023-2024 School Year

Through a realignment of budgets, savings and finding efficiencies, new initiatives were added to the budget. These initiatives mainly focus on employee wellness, realigning special education funding to better meet the needs of those students, and other initiatives targeting high risk and high needs students.

Occasional Teacher Replacement Costs

The additional Behavior Management Systems (BMS) training is an investment in our staff wellness to better prepare them to deal with dysregulated behaviors that can cause stress and injury as well as lead to eventual replacement requirements. This investment is expected to reach up to 2,000 new employees,

certify more trainers, as well as update training materials. The investments in the Disability & WSIB Coordinator is an investment in providing assistance to those individuals who are out on long-term leave with the tools and support they need to reintegrate back into the workforce.

Improving the training, tools and support to our staff is a direct investment in both their safety and well-being as well as addressing the growing trends that contributed to the rising replacement costs. If these investments are not made in addressing some of the contributing factors of rising occasional teacher costs and prolonged workplace absences then the funding would have to be redirected back to Occasional Teacher Replacements costs and could not be reallocated to additional investments which are not tied to a strategy of wellness.

Specialized Education

The specialized education program delivered during the regular school year continues to grow with increasing needs for additional support. OCDSB would like to repurpose the funding allocated to the 17 day summer program to regular school day program with the addition of an EA Coordinator and 9 additional EA supports. The EA Coordinator will assist OCDSB in ensuring maximum usage and efficiency of the EAs currently in the system. The additional 9 EAs will help ensure additional student needs are met and help with the health and wellness of those currently supporting these students. There is a demonstrated need to have a social worker that can work with those students who have DHH requirements. Although we have interpreters, this does not allow the DHH students the privacy required to share their needs in a safe way with a social worker.

Composting

The recently approved composting initiative is a complex and costly program to implement over the course of one school year. Given the changing direction of support from the City of Ottawa and the many unknowns with the implementation of this program across the district, we are recommending a pilot project of 6-8 schools across the district to properly learn about the costs and challenges of implementation. This pilot project will better allow the staff to study the implementation and understand the full costs across the district. It will also allow us to leverage best practices and monitor progress.

Equity & Well Being

OCDSB had a PPF that was covering two Student Success Coordinators in several under-represented schools and groups. Given the diversity of reach and impact these individuals have had on the students of OCDSB, it is recommended that they continue under the Equity division of OCDSB.

eLearning

eLearning continues to grow in popularity among OCDSB students and offers many advantages to our students. The complexity and administrative requirements of supporting that growth requires an additional resource or we will not be able to provide the registration support to our students and would have to limit the number of students who could take the courses. This is further complicated by the loss of an experienced staff member in the section that is due to retire this year.

Aspen

A review of the complexities and scope of the implementation and maintenance of Aspen requires a restructure of the Aspen Support team to ensure that we provide the appropriate level of resources to ensure operations and oversight. Aspen is a key tool in the provision of management and administrative services to our educators. Now that implementation is complete, the resource gaps in support for continued operation with the right levels of responsibilities have been identified.

Integrity Commissioner

The retention and employment of an Integrity Commissioner on contract is a key governance requirement. These funds will ensure access to an independent and experienced resource. The appointment of an Integrity Commissioner, without a statutory obligation, signals the Board's commitment to ensuring its operations and decision-making are carried out to the highest possible ethical standards in alignment with the Culture of Social Responsibility pillar of the 2019-2023 Strategic Plan.

Regulation 246/18, Members of School Board - Code of Conduct, came into force under the Education Act on 12 April 2018. The regulation required every school board to adopt a code of conduct that applies to the members of the Board. Although the appointment of an Integrity Commissioner is not currently a requirement under the Act, at a Special Board meeting on 7 May 2019, the Board approved changes to P.073.GOV, Board Member Code of Conduct (the Code) and passed a motion to appoint an Integrity Commissioner.

Table 6 - 2023-2024 Initiatives (amounts in millions)

Initiative	Cost
Behaviour Management Systems (BMS) Training	0.40
Disability & WSIB Coordinator (1 FTE)	0.09
EA Coordinator (1 FTE)	0.08
Increase EA FTE (9 EAs)	0.50
ASD/DD Summer Learning Program	(0.60)
Identity Specific Social Worker (DHH) (.5 FTE)	0.05
Green/Composting Initiative	0.30
Student Success Coordinator (2 FTE)	0.17
eLearning Support (1 FTE)	0.09
Restructuring Aspen	0.04
Integrity Commissioner (contract)	0.05
Extended French Tutor Hours	0.02
Security	0.03
Total	\$1.22

10. Ministry Compliance Reporting

Table 7 - Ministry Compliance Requirements

	2022-2023	2023-2024
Revenues	1,046,678,295	1,100,848,097
Expenses	1,055,839,712	1,100,848,097
Surplus/(Deficit)	\$(9,161,417)	-

RESOURCE IMPLICATIONS:

11. The 2023-2024 Staff-Recommended Budget contains previously approved adjustments in the number of classroom teachers in response to increased enrolment while reducing 21.23 FTE discretionary-based teaching staff. There are continued pressures including replacement costs and overcrowding in schools in certain areas of Ottawa which cause increased portable requirements.

The OCDSB has approved two deficit budgets in a row using up the accumulated surplus, requiring the Board to remit a balanced budget for the 2023-2024 school year. Savings have been found in the areas of average salary costs, leveraging enveloped funding and reducing MTCA requirements. Further cost savings were found in supplies and services and the reduction of underutilized programs.

The accumulated surplus will need to be rebuilt to ensure that the future needs of the organization can be met. The suggested surplus is 2% of the allocated GSN. This will need to be part of the financial planning of future budget remittances.

COMMUNICATION/CONSULTATION ISSUES:

12. The first meeting to discuss the budget process took place on 21 February 2023. There will be three further COW (Budget) meetings that will be open to the public:
- a. 06 June 2023;
 - b. 12 June 2023; and
 - c. 19 June 2023.

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 2023-2024 operating budget of \$1,100,848,097 as presented in Report 23-047, 2023-2024 Staff-Recommended Budget and detailed in the 2023-2024 Staff-Recommended Budget Binder be approved; and
- B. THAT the 2023-2024 capital budget of \$140.3 million as presented in the 2023-2024 Staff-Recommended Budget Binder, be approved.

Randall Gerrior
Associate Director, Business Operations

Michèle Giroux
Director of Education and
Secretary of the Board

Appendices:

Appendix A - GSN Grant Allocation
Appendix B - PPF Summary
Appendix C - Deficit Breakdown
Appendix D - Deficit Initiatives
Appendix E - Students Support Fund Investments