



COMMITTEE OF THE WHOLE (BUDGET)

30 January 2024

Report No. 24-005

2023-2024 Revised Estimates

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PURPOSE:

1. To explain changes reflected in the District's 2023-2024 revised estimates as compared to the District's 2023-2024 estimates.

STRATEGIC LINKS:

2. The 2023-2027 Strategic Plan is built on three areas of focus: learning, well-being, and social responsibility. Review and analysis of financial results, in relation to the Board's approved estimates and revised estimates helps to inform future financial planning and decision-making. Responsible and transparent fiscal practices will ensure the successful implementation of all three areas of focus of the plan for current and future students and employees at the OCDSB.

CONTEXT:

3. The Ministry of Education (ministry) requires school boards to approve and submit annual estimates by the end of June preceding the beginning of a new school year.

The ministry also requires that the approved 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 estimates is referred to as the revised estimates.

The revised estimates are prepared 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 purpose of this report is to inform the Board of areas of concern and includes information on how the District is managing those concerns to ensure we meet the ministry requirement of a balanced budget.

The following areas will be discussed in further detail in the body of this report:

- The change in enrolment based on original projections
- The funding/expense issues related to the change in projections
- Costs related to the continuing issue of replacements costs
- Continued cost pressures related to transportation, school maintenance and other pressures

KEY CHANGES FROM ESTIMATES:

4. Change in Enrolment: Most of the funding provided by the Ministry is tied directly to the average daily enrolment (ADE) of a school district. Average daily enrolment or ADE is the aggregate total of students eligible for funding. This year the enrolment projections used to determine estimates fell short of actual attendance. This is an unusual anomaly at the District and is not a reflection of the methods used to determine enrolment.

The number of ADE reduced for the elementary component was 973.5 ADE however, the secondary component went up by 279.98 ADE for a total reduction of 693.52 ADE over the reported enrolment for the 2023-2024 estimates resulting in a reduction of the Pupil Foundation Allocation (PFA) of \$4.2 million. However, other funding sources specifically Teacher Qualification Grids has offset the PFA loss. Overall, the Grants for Student Needs (GSN) was reduced by \$1.0 million over the original estimates remitted to the ministry for 2023-2024.

Teacher Funding: As a result of the change in enrolment, the elementary teacher staffing component was reviewed, and 70 FTE positions were eliminated for an overall savings of \$7.5 million. All these positions had been filled with occasional teachers resulting in no layoffs of permanent staff. However, the increase of secondary students created 20 FTE positions for a total cost of \$2.2 million.

Other Salary Changes: Other salary changes increased costs by \$600k. A portion of this expense is related to the augmentation of the Indigenous Education program, using funding provided by the ministry for the purpose of implementing programming and services for Indigenous students.

Replacement Staff Costs: The cost of replacing staff continues to rise specifically for classroom related staffing. This continues to be a province wide pressure based on a negotiated sick leave program through the ministry. The funding for replacing staff has not kept pace with the program that was initiated in 2013. The cost of replacements in the 2022-2023 school year was \$35.8 million. Based on the significant increase in costs, the 2023-2024 estimates for Occasional Teachers, Principals and Vice Principals was increased from \$22 million to \$31.5 million; however, we have increased that to \$32.8 million as costs continue match last year's numbers. This area continues to be closely monitored to find other savings if required.

Pupil Transportation: Last year, the ministry announced a significant change in the way funding will be provided for transportation to school districts. Given this change, they have agreed to provide top up funding for four (4) years to provide school districts time to find the required savings. Even with this top up, the cost of the current year's transportation is outpaced by funding. The ministry has provided temporary relief in the form of a Priorities and Partnership Funding grant (PPF) to the District of approximately \$1.1 million. Even with this grant, the projected deficit is \$2.9 million.

School Operation and Maintenance: School Operation and Maintenance experienced a significant deficit in the 2022-2023 school year of about \$5.4 million so a review was initiated at revised estimates to determine if more funding would be required. The review found contracts, specifically snow removal, needed to be increased due to unpredictable weather patterns making it difficult to find savings in that area; therefore, \$1.3 million was added to meet the needs of the department. The General Manager of Facilities and their team will work closely with the Finance team to ensure they can meet their budget.

Deficit: The reduction in funding along with the ever-increasing pressures of inflation and underfunding, created a further \$500k deficit at revised estimates. The budget department created a savings line which will require further reductions to ensure a balanced budget for the 2023-2024 school year.

Financial Changes:

2023-2024 Estimates (Expenses)	1,101,048,096.00
Reduction Staffing	-4,696,756.00
Contingency	-1,500,000.00
Required Savings	-500,000.00
Misc	51,411.00
WSIB	620,000.00
Program Changes (LOG, Special Education, etc)	1,222,895.00
School Operation and Maintenance	1,275,794.00
Replacement Staff Costs	1,475,862.00
Priorities and Partnerships Funding (PPF)	2,186,838.00
Pupil Transportation	2,195,880.00
Amortization	4,379,718.00
2023-2024 Revised Estimates (Expenses)	1,107,759,738.00

Summary: The District's 2023-2024 revised estimates include the impact of enrolment decreases, increased staff replacement costs and increased costs for contracts such as snow removal.

The revised estimates show expenses of \$1,107.8 million, revenues of \$1,107.8 million and a projected balanced budget.

RESOURCE IMPLICATIONS:

5. The District's 2023-2024 estimates reported a balanced budget, and this continues into the revised estimates submitted to the Ministry.

COMMUNICATION/CONSULTATION ISSUES:

6. The 2023-2024 revised estimates were prepared by Finance staff in consultation with other departments.

GUIDING QUESTIONS:

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

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Director of Education and
Secretary of the Board

Appendices:

Appendix A – Section 1A - Grants for Student Needs
Appendix B – Schedule 9 - Revenues
Appendix C – Schedule 10 - ADJ - Expenses