

**COMMITTEE OF THE WHOLE BUDGET
Report No. 20-021**

4 February 2020

2020-2021 Budget Process

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

PURPOSE:

1. To provide information regarding the 2020-2021 budget development cycle and to review the components of the Ministry of Education funding model.

CONTEXT:

2. The budget process for the OCDSB has been relatively unchanged over the last few years. The number of meetings and timing of reports have been dependent upon the timing of Ministry funding announcements.

The “budget binder”, the core working document for budget debate purposes has expanded over the years in response to Committee of the Whole Budget (COW Budget) requests for additional detail. As a result, there are several areas in the document that show reconciliations of expenses by funding envelope and reconciliations of expenses by department. These analyses, while useful, can be confusing to the reader given both the volume of information and how the same information is sometimes presented in multiple areas. As a result, the document may have hindered discussion, debate and decisions during previous meetings.

This year, a change is proposed in response to comments received at past COW Budget meetings. The change would reduce the volume of information provided to committee members by removing the detailed departmental analyses. Removing the analyses would enhance the presentation of information to, where possible, more readily demonstrate how recommended expenditure changes align with the 2019-2023 Strategic Plan. The full budget document would continue to be available online so that interested individuals may delve deeper into departmental budget allocations.

KEY CONSIDERATIONS:

3. **Education Funding**

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 A and B are two Ministry publications that may assist in the development of the shared understanding.

Appendix A, 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 Grants for Student Needs (GSNs) and acknowledges that local school boards have significant flexibility in how the funds are used to meet local priorities in support of student achievement. Appendix B, 2019-20 Education Funding-A Guide to the Special Education Grant, provides additional detail on special education funding.

The GSNs, with a focus on funding provided to the District, will be reviewed at the 4 February COW Budget meeting.

4. **Financial Resources Available for Decision-Making**

Over the years, questions have been raised in regards to the amount of financial resources over which the committee has specific decision-making authority. Generally speaking, costs can be divided into three categories.

The first category relates to spending that is tied to staffing costs and/or provincial regulation. For instance, the Ministry has established class size ratios that affect staffing levels. To meet class size requirements, the District must employ a sufficient number of teaching staff as influenced by both regulation and collective agreements. The staffing ratios may also apply to other staff such as early childhood educators that support kindergarten students. Other positions are also staffed based on restrictions imposed by specific requirements of various grants.

The second category represents those costs that are not specifically regulated, but which must be incurred for both regulatory compliance and operational purposes. While there is some flexibility in the ultimate amount allocated to this category, there is recognition that not incurring the costs would affect student achievement or may pose a risk to meeting overall expectations and obligations. Examples of costs that fall within this category include student transportation, cleaning and maintenance needs, principals and vice-principals, office staff (school based and central), and professional and para-professional staff. As well, the administrative infrastructure which supports students must be provided.

The third category represents those areas where more flexibility exists, particularly in relation to the second category. Funds committed to meet the needs identified in the first two categories reduce the resources available for other priorities that promote the objectives and outcomes identified in the District's 2019-2023 Strategic Plan.

Staff will present a summary of these categories as part of the budget development process. As always, the allocations between categories two and three are subject to professional judgement and as a result the estimates will normally be provided in a range.

5. **Budget Development Timeline**

As previously mentioned, the budget development timeline is influenced by the timing of Ministry funding announcements. Confirmation of the level of funding is critical to ensure that resources available to meet student needs are fully employed and that a budget is developed in compliance with statutory requirements. Given this fact, the timing of meetings and other budget development activities may be advanced or delayed. Shown below is the anticipated timeline for approval of the 2020-2021 Budget.

4 February 2020	Update on budget development and emerging issues
3 March 2020	Discussion report on academic staffing
24 March 2020	Approval of academic staffing
11 May 2020	Update, including information on GSNs
25 May 2020	Presentation of the staff recommended budget
1 June 2020	Public delegations and committee questions
8 June 2020	Budget debate continues
15 June 2020	Budget debate (if required) and recommendations to Board
22 June 2020	Board approval of staff-recommended budget

Two appendices have been provided to assist with understanding the budget development timeline. Appendix C-Schedule of Budget and Reporting Functions presents a summary that not only includes budget development activities, but also shows other important complementary tasks such as preparing consolidated financial statements, projecting student enrolment and forecasting financial results. Appendix D - OCDSB's Annual Budget Development Cycle demonstrates the cyclical nature of budget development activities and recognizes the need to align resources with the strategic plan.

6. **Underlying Assumptions**

Assumptions must be made when developing a budget. These include expectations regarding provincial funding, enrolment levels in elementary and secondary grades, and cost pressures and emerging needs. In developing recommendations for 2020-2021, staff will also assume:

- some level of deficit spending, but below the 1% threshold that would trigger the requirement for Ministry approval of the use of accumulated surplus;
- the reallocation of existing dollars to address emerging challenges and opportunities; and
- that use of the accumulated surplus will be focused on one-time needs.

RESOURCE IMPLICATIONS:

7. The OCDSB has a combined operating and capital budget of approximately \$1.0 billion. The Board has a fiduciary responsibility to ensure the effective administration of these funds. Development and approval of the annual budget is a key part of the Board's responsibilities.

COMMUNICATION/CONSULTATION ISSUES:

8. 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.

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 are also available. Access to 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.

We are continuing to consider alternate ways of receiving input. Staff understands that trustees have received valuable input through their own zone meetings. Where schedules allow, staff will provide support at those zone meetings, if required.

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.

All input during the 2020 consultation phase would be submitted, ideally, by early March.

STRATEGIC LINKS:

9. The 2019-2023 Strategic Plan calls for the development of a Culture of Social Responsibility. One of our stated goals is to "Foster progressive stewardship of the environment, and human and financial resources." Development and approval of the annual budget is a key component of strong governance. Thoughtful and prudent allocation of funding is required to ensure that students, staff and the District can achieve their goals.

GUIDING QUESTIONS:

10. The following questions are provided to support the discussion of this item:
- Is there support for the proposed changes to enhance the presentation of information to, where possible, more readily demonstrate how recommended expenditure changes align with the 2019-2023 Strategic Plan?
 - Are there emerging issues and opportunities that members believe should be considered during the development of the 2020-2021 Staff-Recommended Budget?

Michael Carson
Chief Financial Officer

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

Appendix A - 2019-20 Education Funding: A Guide to the Grants for Student Needs
Appendix B - 2019-20 Education Funding: A Guide to the Special Education Grant
Appendix C - Schedule of Budget and Reporting Functions
Appendix D - OCDSB's Annual Budget Development Cycle