

COMMITTEE OF THE WHOLE, BUDGET REPORT

Tuesday, May 26, 2020

7:00 pm

Zoom Meeting

Trustees Present:	Justine Bell, Donna Blackburn, Christine Boothby, Rob Campbell, Chris Ellis, Lyra Evans, Mark Fisher, Wendy Hough, Jennifer Jennekens, Keith Penny, Sandra Schwartz, Lynn Scott, Prasith Wijeweera (Student Trustee)
Staff Present:	Camille Williams-Taylor (Director of Education), Brett Reynolds (Associate Director), Mike Carson (Chief Financial Officer), Janice McCoy (Superintendent of Human Resources), Dorothy Baker (Superintendent of Instruction), Peter Symmonds (Superintendent of Learning Support Services), Mary Jane Farrish (Superintendent of Instruction), Michele Giroux (Executive Officer, Corporate Services), Shawn Lehman (Superintendent of Instruction), Shannon Smith (Superintendent of Instruction), Eric Hardie (Superintendent of Instruction), Kevin Gardner (Manager of Finance), Sandy Owens (Manager, Business & Learning Technologies), Julie Cyr (Manager of Early Learning), Karyn Carty Ostafichuk (Manager of Planning), Petra Duschner (Manager, Mental Health and Critical Services), Pamela LeMaistre (Manager of Human Resources), Diane Pernari-Hergert (Manager of Communications & Information Services), Richard Sinclair (Manager, Legal Services and Labour Relations), Nicole Guthrie (Manager of Board Services), Charles D'Aoust (Coordinator of Budget Services), Rebecca Grandis (Senior Board Coordinator), Amanda Pelkola (Board/Committee Committee)
Non-Voting Representatives Present:	Nancy Akehurst (OSSTF - ESP, PSSU, PSSP, EA, PECCS), Cathy Bailey (OSSTF Teachers/Occasional Teachers), Harvey Brown (Advisory Committee on Equity); Jennifer Capitani (Ottawa-Carleton Elementary Operations Committee), Troy Cluff (OSSTF-PSSU); Jennifer Coleman (Ottawa-Carleton Secondary School Administrators Network (OCSSAN)), Kelly Granum (OSSTF-OT); Malaka Hendela (OCASC), Wulf Heidecker (Elementary Teachers' Federation of Ontario), Karen Ivings

(OSSTF-PSSP), Rob Kirwan (Special Education Advisory Committee), Brett Williams, Stacey Kay (Non Affiliated Staff).

1. Call to Order - Chair of Committee of the Whole, Budget

Chair Schwartz called the public session to order at 7:00 pm.

Chief Financial Officer (CFO) Carson acknowledged that the meeting is taking place on unceded Algonquin Territories and thanked the Algonquin Nations for hosting the meeting on their land.

CFO Carson recognized the retirement of audio-visual technician John MacKinnon, who retired at the end of March. He thanked him for his contribution to Committee and Board meetings and for his long service at the Ottawa-Carleton District School Board (OCDSB).

2. Approval of Agenda

**Moved by Trustee Ellis,
THAT the agenda be approved.
Carried**

3. Discussion Items:

3.1 Memo 20-074, 2020-2021 Budget Update

Your Committee had before it Memo 20-074 and Report 20-052. During the presentation, CFO Carson and Manager Gardner provided: key principles guiding the decision process; an overview of the 2020-2021 forecast based on assumptions and plans; and insights into the challenges being experienced. Based on the limited information available recommendations were provided to prepare for school re-openings in late August and early September.

The OCDSB's key principles are to provide a safe environment, stability for schools and the community, and action on the strategic plan despite delays. With the uncertainty created by the pandemic, the District's ability to move forward has been hindered and is heavily reliant on direction from the Ministry of Education.

The Ministry has delayed the release of the Grants for Student Needs (GSN), which inform whether grant percentages have increased or decreased and form the foundation for the annual budget. In addition, the Ministry will announce COVID-19 guidelines by the end of June. In the meantime, the District has been considering approaches to class structures with physical distancing protocols in place, cleaning processes and a plan to minimize disruption if school closures take effect in the fall or

winter of 2020. The Ministry stated additional financial support may be provided, so in preparation, the District included COVID-19 provisions in the budget.

CFO Carson noted in December 2019, the District was trending to have a budget within a 1 percent deficit, however stakeholders have emphasized that stability is a primary concern. As a result, the District determined to provide this stability, decided to minimize extensive reorganization and not restructure approved budget decisions.

Another factor impacting forecasting relates to junior kindergarten enrolment projections. The full impact of COVID-19 on enrolment will only be fully realized in late August.

Regarding the principle of creating a culture of caring, mental health support for staff and students will be a top priority. Investments for these initiatives cannot currently be proposed due to the lack of information around funding. Trustee Blackburn noted that mental health is a particularly important piece and her recommendation is that additional staffing be allocated.

3.2 Report 20-052, 2019-2020 Updated Forecast (April) (M. Carson)

Your Committee had before it Report 20-052 providing the District's 2020-2021 updated forecast, which is trending to have a \$9.7 million deficit. Insights will be provided to justify the factors that led to this projection. The Minister of Education referenced savings that resulted from school closures, and those savings have been reflected.

During the presentation, the following points were made:

- In summary, revenues were reduced by \$31.8 million and expenses were reduced by \$30.6 million;
- Grant reductions totaling \$14.9 million are expected. The reduced funding reflects net operating savings as a result of the labour sanctions and work withdrawals initiated by the Elementary Teachers' Federation of Ontario (ETFO) and the Ontario Secondary School Teachers' Federation (OSSTF) during the collective bargaining process. The reduced funding is offset by reduced compensation costs.
- A significant contributor to the deficit was a result of the Extended Day Program (EDP) and childcare closure, which resulted in a deficit of \$5.2 million. In order to provide continuity of learning, the District chose not to reduce the early childhood educator (ECE) hours used to support EDP, instead the hours were realigned to support e-learning. Given the unpredictable nature of the closure, the District was

concerned that layoffs would impact reinstating childcare promptly. Since the ECEs have provided learning support, the costs should be divided between instruction and EDP;

- Spending on instruction-related supplies, services and professional development is expected to be \$7.9 million less than budgeted. This amount includes Priorities and Partnerships Fund (PPF) grants of \$2.4 million. PPFs have specific requirements outlining how the funds may be spent but due to labour action and COVID-19, these funds could not be allocated. This has resulted in savings but also reduced revenue;
- The revised estimates assumed \$1.5 million in revenue from third parties and facility rentals, however given the closure this is unlikely;
- Revenue of \$1.5 million was assumed in the revised budget due to former benefit plans. Although the administrator has returned the surplus funds to the District, collective agreement provisions require that the distribution of the surplus be agreed to by the federations. Discussions between the parties will most likely be concluded next year;
- CFO Carson stated that there is unspent budget available but that supply chain issues are preventing spending. Some budget expenditures are required to ensure a safe return to school; and
- The District has been conservative in the accounting, but some decisions will be made over August and September that will have an impact on the forecast.

In response to trustee queries, the following points were noted:

- Ottawa Student Transportation Authority (OSTA) have been paying operators 80 percent of their rates and the savings will be used to offset the loss of overall revenue;
- The Ministry may redeploy funds but could potentially add additional GSN funding or supplemental funding for next year. In these cases, the Ministry would likely drive the direction and control how these funds are spent;
- In response to a query regarding a decrease in special education despite a need for an increase owing to equipment needs, CFO Carson noted that the province has dictated how the District allocated the special education funds. There have been reductions in employee benchmarks in several areas, but the District believes equipment in

this area is underfunded. As a result, the District is covering these expenses 100 percent as it is deemed essential;

- Special education experienced a decrease in funding by \$500K to reflect the decrease in enrolments. However, damaged technological and physical equipment will be replaced and all children who require equipment will have access to it;
- The transportation costs are lower than expected and result from contract savings and reduced use of transit passes;
- Staffing proves to be the most significant cost but there have been reductions in replacement staff including educational assistants (EAs); and
- The budget for international students reflects \$11.0 million in revenue but the District expects reduced enrolment next year as a result of COVID-19. There have been requests for refunds (less than a dozen) in the current year but the Ottawa-Carleton Education Network has not determined if refunds will be provided as learners were able to participate in distant learning.

1. Presentation, 2020-2021 Budget Development Update

Manager Gardner highlighted that the traditional budget cycle cannot be adhered to due to the pandemic and the absence of the 2020-2021 GSNs. Without the GSNs, the District cannot create a proposal.

CFO Carson noted that a provisional budget may be required to ensure key staff are in place by the end of August and beginning of September.

During the presentation, the following points were noted:

- GSN's represent 88 percent of the education funding in Ontario. The foundation grants are used in conjunction with various special purpose grants.
- The District does receive revenues outside of the GSNs. One of the most significant non-grant revenue sources is associated with EDP;
- Balanced budgets require a deficit of 1 percent or less, however, the District will also need to prepare a deficit elimination plan, which outlines a plan to eliminate the deficit within 2 years. The District believes that a deficit would require the utilization of reserves appointed for exceptional

circumstances, in which these qualify. The District is currently lobbying for the province to allow a deficit exception; and

- An additional \$3.3 million has been budgeted for programs with yearly subscriptions, the purchase of hotspots, Chromebooks, and program licenses. Funds need to be allocated to replace Chromebooks as required and also in anticipation that equipment provided to students working from home, return damaged or in need of repair.

CFO Carson provided an overview of the areas which lead to the increased deficit:

- The special education program overspent by 7.9 percent, as a result of under-funding and an increase in student needs;
- The budget reflected an increase in spending to manage aging infrastructure and to increase the number of portable classrooms;
- It is anticipated that additional expenses will be incurred due to inflation, the carbon tax, and the supply chain shortages causing the pricing of goods to be higher than expected;
- An additional \$1.0 million has been allocated to increase custodial staffing. Elementary schools only have 1 custodian during the day and secondary schools have 2. Provisions are being made to increase day and evening staff for enhanced cleaning practices;
- Due to increasing student needs, additional EAs are proposed. Further demand exists for up to an additional 78.0 FTE but hiring additional resources will depend on funding and whether the school environment is virtual;
- There is a need to fund central department programs and learning, enhance the organization's technology and security, and replace positions eliminated due to budget reductions in the Human Resources and Finance departments. Although these areas are deemed necessary, these decisions can be partially filled or included in the second phase of the budget;
- Regarding funding on equity, diversity and mental health, the District will meet with the Federation to discuss the best use of the Student Support funding to support these initiatives and others. It may necessitate an increase in Early Learning Assistant (ELA) staffing but this will depend on EDP;

- International student administration tuition fee reduction and therefore a reduction of government funding by \$2.0 million; and
- The District has allocated \$2.2 million to fund COVID-19 response provisions, to cover the anticipated additional expenses.

During discussion the following points were noted:

- CFO Carson anticipated information on the GSNs will be provided by mid June 2020 which may necessitate the province delaying the requirement of final approvals past 30 June 2020;
- The risks with EDP revenue were recognized but CFO Carson stated the budget was developed without adjusting EDP enrolment. The ELA numbers are a variable cost, and if enrolments increase, additional ELAs will be required;
- CFO Carson stated that there are several funding sources and the Federation would need to confirm how these funds are used as a result of collective bargaining. The District is planning for increased costs such as additional cleaning supplies and funds are also reserved for a potential second wave in order to prepare for school closures due to a COVID-19 outbreak. In these cases, additional resources would need to be applied to continuity of learning;
- If a provisional budget was approved custodial staff, office assistants, Business & Learning Technology (B<) staff, as well as additional EAs would be considered critical;
- Trustee Boothby expressed the view that the addition of 14.0 FTE is low considering how mental health supports, custodial staff, social workers, and principals often service multiple schools and that this could be problematic if there is an outbreak of COVID-19 in a school. CFO Carson noted that additional funds were originally allocated but the District is waiting for the Ministry to provide details on the standards that need to be adopted;
- Regarding the issue of itinerant staff, it was noted that there are not enough qualified staff to be dedicated to one school and without sharing resources, these positions would only be part-time;
- Several trustees expressed their support of delaying the budget and exceeding a 1 percent deficit if necessary; and

- CFO Carson noted that all required information may not be available by July.

It was highlighted that there is a statutory requirement to submit the budget by 30 June. A suggestion was made that Chair Scott address this and other budget matters in a letter to the Minister. CFO Carson stated that the regulatory laws are being reviewed and it is anticipated that there will not be financial penalties from delayed submission.

4. New Business - Information and Inquiries

No new business to report.

5. Scheduled Committee of the Whole Budget Meetings

Chair Schwartz requested confirmation of dates for the scheduled Committee of the Whole, Budget meetings.

CFO Carson noted that 1 June 2020 would be removed from the schedule as this timeframe would not allow for a fulsome package to be compiled. The next meeting will be scheduled for 8 June 2020 at 7:00 pm.

6. Adjournment

The meeting adjourned at 9:10 p.m.

Sandra Schwartz, Chair