

**COMMITTEE OF THE WHOLE (BUDGET)**  
**Report No. 21-013**

**2 February 2021**

**2021-2022 Budget Process**

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**PURPOSE:**

1. To present information on the issues affecting the 2021-2022 budget cycle and to provide the timelines and processes.

**CONTEXT:**

2. The District operates on a fiscal year that runs from 1 September to 31 August. 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.

The outbreak of the COVID-19 pandemic significantly influenced the 2020-2021 budget process. The provincial government, along with organizations such as school boards and municipalities, was focused on responding to the rapidly evolving challenges in the months immediately following the start of the pandemic. Consequently, the Ministry of Education delayed the Grants for Student Needs (GSN) funding announcement until 19 June 2020. The timeline for Board approval of the spending plan was also extended which allowed for the 2020-2021 Budget to be finalized on 26 August 2020.

Planning for the 2021-2022 fiscal year has already commenced. Preliminary guidance from the Ministry is to expect a return to the normal budget approval timeline required by the *Education Act* and to assume that the enhanced funding and deficit spending authority provided in response to the pandemic will be discontinued. However, it is quite possible that additional time and continued funding may be provided given the ongoing need to ensure safe learning and work environments.

Several budget meetings will be scheduled during the months of May and June 2021. The meetings will provide the public with an opportunity to comment on the recommended spending plan and also allow Committee of the Whole Budget (COW Budget) to refine the allocation of resources in alignment with District priorities. Staff anticipates that the 2021-2022 Budget will be approved no later than 30 June 2021.

The discussion at the 2 February 2021 meeting is designed to share the proposed timeline and to discuss how the budget information and debate can be aligned with the objectives presented in the 2019-2023 Strategic Plan, a copy of which is attached as Appendix A.

## **KEY CONSIDERATIONS:**

### **3. Budget Development Schedule**

An important consideration when developing the District's budget schedule is the need to ensure that committee members have sufficient time to consider staff's approach and recommendations and allow time for public consultation to occur.

As previously noted, the provincial guidance is that the District's 2021-2022 Budget must be approved by the Board by the end of June 2021. To meet this timeline, key meeting dates for the budget process are being considered and will be reflected in the 2020-2021 Board calendar once confirmed. These tentative dates are:

2 February 2021	Update on budget development and emerging issues
3 March 2021	Discussion report on academic staffing
24 March 2021	Approval of academic staffing
4 May 2021	Update, including information on GSN
26 May 2021	Presentation of the staff-recommended budget
1 June 2021	Public delegations, budget debate commences
9 June 2021	Budget debate continues
15 June 2021	Budget debate (if required) and recommendations to Board
22 June 2021	Board Approval of staff-recommended budget

The approval of the academic staffing recommendations represents an important budget decision. The approval will commit approximately 60% of operating costs in advance of having confirmed the funding that is available to support all budget needs. In past years, the decisions have been made in March to meet collective agreement obligations as well as to ensure there is sufficient time for the staffing process to be completed prior to the start of the new school year. Recognizing the continued uncertainty regarding funding to be received next year, the District is working with the federations to confirm if there is flexibility to defer the decision by several weeks. The deferral would be intended to help minimize staffing disruptions that may result by following the normal timeline.

Staff expects to present the recommended budget to COW Budget on 26 May 2021. It will reflect the previously approved academic staffing costs and present other recommended adjustments to revenues and expenses. As usual, the timing of the presentation is dependent upon receiving the detailed funding information from the Ministry before the end of April 2021.

### **4. Education Funding Overview**

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

Appendix B, 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 GSN and, importantly, acknowledges that local school boards have significant flexibility in how the funds are used to meet local priorities in support of student achievement. The 2019-20 guide is being shared because the Ministry has not yet released the 2020-21 revision.

Appendix C, 2020-21 Education Funding-A Guide to the Special Education Grant, provides additional detail on special education funding.

The GSN will be reviewed at the 2 February 2021 COW Budget meeting.

### **Budget Development Considerations**

5. Strategic Plan 2019-2023

The OCDSB has adopted an ambitious plan to support students, staff and families over the next three years. This will require some continued realignment of resources and changes in activities as it is unlikely additional new funding will be available to address all of the needs. Staff will endeavour to make the alignment between the budget and the strategic plan more visible.

6. Education Funding Changes

There is always some uncertainty regarding the level of provincial funding to be received in future years. This is particularly the case given the significant investments made during 2020-2021 as part of the province's commitment to maintaining a safe and healthy learning environment for both students and staff.

The provincial response to support students and staff during the pandemic has provided additional operating funding totaling \$18.5 million. This funding has been received primarily through the Priorities and Partnerships Fund (PPF) grants and targets various areas including enhanced cleaning needs, the operation of virtual schools, investments in learning technology such as Chromebooks, improved classroom ventilation, incremental student transportation costs, additional teachers to support smaller class sizes, and various support staff including those for mental health and special education.

As already noted, the Ministry has provided guidance that the District should not anticipate a continuation of the COVID-related funding enhancements during the development of the annual budget. This guidance will influence the approach and timing of the academic staffing process. In addition, there is also the concern that the provincial government will soon start looking for savings opportunities in all publicly funded organizations given Ontario's growing operating deficit. The savings opportunities would be tempered by legislated class size requirements, obligations established by collective agreements and the continuing need to fund various supporting activities such as school operations and school administration.

Despite the provincial guidance, there remains a good chance that funding will be announced to support 2021-2022 pandemic-related needs. Similar to other school boards, the District has conveyed to the Ministry that announcing the

amount of funding available for next year as early as possible will greatly assist with planning.

On a positive note, the incremental costs that will result from centrally negotiated collective agreements are expected to be fully supported by an increase in the salary benchmarks that the Ministry uses in the GSN calculations.

7. Enrolment

Enrolment is a key factor in the funding that the District receives. Enrolment growth provides additional flexibility in responding to funding changes and service demands while declining enrolment reduces this flexibility and generally creates a need to look for savings opportunities to offset the lost revenue.

At this time staff is forecasting decreased enrolment in both the elementary and secondary panels. The decrease is in comparison to the pre-pandemic enrolment projections reflected in the 2020-2021 Budget rather than the lower enrolment that has actually been observed during 2020-2021. Overall, the preliminary enrolment forecast indicates 1,600 fewer students based on average daily enrolment (ADE). The enrolment decrease reflects lower immigration rates and fewer registrations for kindergarten programs.

If realized, the revenue loss would be in the range of \$17.0 million. Some of the lost revenue would be offset by lower compensation costs reflected in reduced academic staffing needs.

8. Cost Pressures

The changing needs of students continue to require additional resources to ensure that the District can provide optimal learning conditions. This necessitates the allocation of resources in a number of areas:

- additional staffing and/or space to serve students with special needs;
- inflationary cost pressures on supplies, services and utilities;
- enhanced provisions for staff replacement costs; and
- providing funds to address the changing nature of learning. Significantly, recent investments in technology to enable remote learning will influence maintenance and replacement costs for these assets in the coming years.

A decision to continue to offer virtual schools as an option for students would result in incremental costs. Currently, virtual schools are not eligible for school foundation funding which is provided to support school leadership and administrative needs. The absence of the funding would create a cost pressure. In addition, the majority of the enrolment in virtual schools would come from existing schools. This, too, would likely have some effect on overall costs.

9. Revenue Generating and Self-Funded Programs

The 2020-2021 Budget reflected normal operations for two areas that have seen significant revenue losses as a result of the pandemic.

The first area is the Community Use of Schools division which oversees the public's after-hours use of school facilities such as gymnasiums and sports fields. The second area is the Extended Day and Child Care programs where revenues have been severely reduced as a result of lower participation.

In addition, significantly lower enrolment of international students through the Ottawa-Carleton Education Network (OCENET) was anticipated and reflected in the 2020-2021 Budget. This resulted in the reduction of both projected revenues and related expenses being shown in the budget. Actual participation is somewhat lower this year.

Staff anticipates that facility utilization and program participation rates will return to more normal levels once widespread vaccination programs have sufficiently advanced; however, there continues to be uncertainty as to when children will be vaccinated and what effect the pandemic may have on international student enrolment.

Staff will be performing a more detailed analysis on these and other programs as part of the budget development process. The review will quantify the revenues and expenses that are shown in the 2021-2022 Staff-Recommended Budget.

10. OCDSB Financial Position

The District's 2020-2021 Budget assumed a \$17.7 million deficit which would be supported using the District's accumulated surplus. The most recent forecast which is presented in Report 21-012, 2020-2021 Revised Estimates shows an even larger deficit of \$28.1 million. If realized, the effect of such a significant deficit is that the accumulated surplus available to support deficit spending would be reduced to \$2.5 million. This would constrain planned investments in the coming years and would also affect the District's ability to respond to emerging needs identified during the year.

Staff will continue with its efforts to reduce the anticipated deficit which includes pursuing additional funding to offset the revenue lost by the Extended Day and Child Care programs and to look for operating savings during the current year.

## **RESOURCE IMPLICATIONS:**

11. The Board's past decision to establish a provision for contingencies as an appropriation within the accumulated surplus has allowed the District to support the larger than expected deficit projected for 2020-2021. In the absence of this critical decision, it is possible that the Ministry would have required substantial mid-year reductions in services.

The District is expected to have a combined operating and capital budget in excess of \$1.0 billion. Continuing with a prudent approach to managing these financial resources is essential to ensuring the budget development process results in a sound financial plan for 2021-2022. The spending plan, which will be aligned with the strategic plan, will serve as the foundation for financial plans that will be presented in subsequent years.

## **COMMUNICATION/CONSULTATION ISSUES:**

12. 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 is also available. 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.

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.

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. Comments received during those meetings help staff understand the concerns and priorities of those committees.

Similar to the advisory committee meetings, trustees have received valuable input through zone meetings in past years and staff will provide support for those meetings this year, if required and schedules allow. A survey to solicit input is another outreach tool that continues to be assessed.

All input during the consultation phase would ideally be received by mid-March 2021.

## **STRATEGIC LINKS:**

13. 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 the annual budget is a key component of strong governance and financial stewardship. The thoughtful and prudent allocation of financial resources is required to optimize achievement of the goals that have been established for students, staff and the District.

## **GUIDING QUESTIONS:**

14. The following questions are provided to support the discussion of this item:
- What are the emerging issues and opportunities that members believe should be considered during the development of the 2021-2022 Staff-Recommended Budget?
  - What information will help inform the decisions that will be made following the presentation of the 2021-2022 Staff-Recommended Budget?

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

### **Appendices:**

Appendix A – 2019-2023 Strategic Plan

Appendix B – 2019-20 Education Funding-A Guide to the Grants for Student Needs

Appendix C – 2020-21 Education Funding-A Guide to the Special Education Grant