



## COMMITTEE OF THE WHOLE, BUDGET REPORT

### Board Room

**Tuesday, February 2, 2021**

**7:00 pm**

**Zoom Meeting**

- Trustees Present: Sandra Schwartz, Justine Bell, Christine Boothby, Donna Blackburn (Trustee), Rob Campbell, Chris Ellis, Lyra Evans, Mark Fisher, Wendy Hough, Jennifer Jennekens, Keith Penny, Lynn Scott, Charles Chen, Joy Liu
- Staff Present: Camille Williams-Taylor (Director of Education), Brett Reynolds (Associate Director), Mike Carson (Chief Financial Officer), Janice McCoy (Superintendent of Human Resources), Peter Symmonds (Superintendent of Learning Support Services), Dorothy Baker (Superintendent of Instruction), Michele Giroux (Executive Officer, Corporate Services), Shawn Lehman (Superintendent of Instruction), Prince Duah (Superintendent of Instruction), Nadia Towajj (Superintendent of Program and Learning K-12), Kevin Gardner (Manager of Finance), Sandy Owens (Manager Business & Learning Technologies), Karyn Carty Ostafichuk (Manager of Planning), Pamela LeMaistre (Manager of Human Resources), Diane Pernari-Hergert (Manager of Communications & Information Services), Julie Cyr, Stacey Kay (Manager of Learning Support Services), Charles D'Aoust (Coordinator of Budget Services), Richard Sinclair (Manager of Legal Services and Labour Relations), Geoff Best (Executive Director, Ottawa-Carleton Education Network), Rebecca Grandis (Senior Board Coordinator)
- Non-Voting Representatives Present: Christine Moulaison (OCASC), Jennifer Capitani (OCEOC), Jennifer Coleman (OCSSAN), Susan Gardner (ETFO), Wulf Heidecker (ETFO), Stephanie Kirkey (OSSTF-Teachers), Kelly Granum (OSSTF-OT), Pat Dixon-Alt (OCEOTA), Troy Cluff (OSSTF-PSSU), Melodie Gondek (OSSTF-ESP), Jean Trant (OSSTF-SSP), Corinne Lassaline (OSSTF-PECCS), Cathy Miedema (SEAC), Bronwyn Funicello (ACE), Laura Wang (Student Senate)

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

Chair Schwartz called the public session to order 7:00 p.m. and acknowledged that the meeting is taking place on unceded Algonquin Territories and thanked the Algonquin Nations for hosting the meeting on their land.

2. Approval of Agenda

**Moved by Trustee Blackburn,  
THAT the agenda be approved.**

**Carried**

3. Delegations

There were no delegations.

4. Discussion Items

4.1 Budget Planning for 2021-2022

Director Williams-Taylor noted that staff will be providing Report 21-012, 2020-2021 Revised Estimates for the 2020-2021 school year. The year has been complex as the District responds to the changing reality of the pandemic. The report will outline some of the factors that impacted District resources and resource allocation.

Director Williams-Taylor thanked Chief Financial Officer (CFO) Carson and Finance staff for their vigilance and agility in managing the financial fluctuations over the course of the year.

She noted that Report 21-013, 2021-2022 Budget Process will outline the plan for the establishment of the 2021-2022 Budget as there will be continued realities of the pandemic as we proceed into the 2021-2022 school year.

CFO Carson noted the good work of the Finance staff and the work that was done remotely over the past year along with increased Ministry of Education reporting responsibilities. The development of a budget requires the work of many departments and many staff members. CFO Carson thanked the members of the Budget Committee for their dedication and noted the importance of the development of a budget within an organization. For a school board, it creates the opportunities that support learning and wellness.

1. Report 21-012, 2020-2021 Revised Estimates (M. Carson)

Report 21-012, 2020-2021 Revised Estimates (M. Carson)

Your Committee has before it Report 21-012, 2020-2021 Revised Estimates, outlining the changes reflected in the District's 2020-

2021 Revised Estimates as compared to the District's 2020-2021 Budget.

CFO Carson reminded trustees that the revised estimates were prepared in challenging times and without the usual full analysis. He advised that the deficit may be lower than anticipated but staff did not want to underestimate the potential financial risk as the year proceeds.

Manager Gardner noted that the revised estimates are prepared early in the year and that staff did take a very conservative approach. The following information was provided:

- The revised estimates show a budgeted deficit of \$28.1 million;
- The accumulated surplus for the 2020-2021 year is \$11.7 million;
- Average daily enrolment (ADE) decreased by net 1951 students which decreased the majority of allocations that comprise the Grants for Student Needs (GSN) (-\$18.0 million);
- The Indigenous Education allocation increased as a result of higher enrolment in secondary courses that qualify for the Indigenous studies amount (+\$1.1 million);
- The Teacher Qualifications and Experience grant Increased (+1.64M) and reflects;
  - Higher funding from teacher demographics; and
  - Increased funding of benefit costs;
- The Priorities and Partnerships Fund (PPF) grants reflect:
  - GSN Stabilization funding offsets COVID-related enrolment-driven losses (+\$15.3M);
  - New funding to meet COVID-related needs in areas of ventilation, remote learning and additional teachers (+\$12.4M); and
  - Other net grant adjustments include funding of French as a Second Language and Autism Spectrum Disorder (ASD) additional qualification subsidies (+\$380,000);
- Total COVID-related funding to support the District was \$47.3 million;
- Increased occasional teacher (OT) costs are anticipated (+\$4.6 million);

- Student transportation costs are expected to show savings as a result of lower transportation contract costs and reduced use of transit passes (-\$6.9 million);
- Increased spending on portable relocations as a result of demographic changes and program needs. Additional school renewal investments are anticipated (+\$2.3 million);
- Increased use of funds set aside for the acquisition of minor tangible capital assets (i.e., reduced operating funding) (-\$1.0 million);
- Reduced Community Use of Schools revenue (-\$2.7 million);
- Reduced share of former benefit plan surplus as a result of central agreement (-\$825,000);
- Reduced international student fees (-\$911,000);
- A significant loss of revenue in both the Extended Day and Child Care Programs is projected to result in a net operating deficit (-\$6.3M); and
- Staff continues to look at revenue opportunities and cost savings including working with the City of Ottawa to obtain funding for the Extended Day Program (EDP).

The projected \$28.1 million operating deficit shortfall will reduce the flexibility to use accumulated surplus in future years. Staff believes this is a conservative estimate and that future forecasts for the year should show improved results.

2. Report 21-013, 2021-2022 Budget Process (M. Carson)

Report 21-013, 2021-2022 Budget Process (M. Carson)

Your Committee has before it Report 21-013, 2021-2022 Budget Process, providing information on the budget process for the upcoming year.

During the presentation of the report, the following information was provided:

- The typical activities of the budget cycle had to be modified last year as a result of the pandemic;
- The reality of the pandemic changes daily and has an impact on decision-making as the District looks to plan for school in September 2021;

- Staff hope to have a budget approved in June 2021 to facilitate the safe opening of schools in the fall;
- The uncertainty of funding beyond the GSN means staff will have to look to all areas for savings in order to achieve a compliant budget;
- Staff will look to mitigate the risk of making early decisions that do not allow for flexibility to respond to emerging issues;
- The GSN account for 88% of the District's revenues, timely information on this funding and any additional funding to support a response to COVID-19 is critical;
- School boards are required by the Education Act to approve a balanced budget;
- A board's accumulated surplus can be used to offset a small deficit (up to 1% of the GSN allocation). For the 2020-2021 school year, that amount was increased to 2% to assist school boards in responding to COVID-19;
- The budget facilitates the operation of the schools and the organization allowing staff, in accordance with policy, to pay for expenses such as staffing, curriculum materials, school operating costs, technology needs, and property and equipment;
- The budget is developed using a number of assumptions, enrolment, inflation and cost pressures and an estimate of what may be contained in the main GSN;
- Flexibility will be critical this year, estimates are subject to much more variability due to the pandemic;
- The province has asked school boards to develop a budget with the assumption that the additional COVID-19 supports provided in the 2020-2021 school year will not continue in the 2021-2022 school year;
- The District has received over \$40.0 million in additional funding this year, with approximately \$28.0 million tied to specific COVID-19 initiatives such as additional staffing and technology supports, and an additional \$14.0 million in stabilization funding to address enrolment decreases;
- School districts needed to be supported financially to cover the cost of staffing and contractual obligations that were put in place before the pandemic struck;

- Assumptions in developing the 2021-2022 budget:
  - Use of accumulated surplus may be limited to no more than 1% of revenues. Staff will continue to update forecasts and information will be shared with trustees and the Budget Committee as it becomes available;
  - Uncertainty in enrolment levels due to lower rates of immigration, decisions on home schooling and deferred enrolment in kindergarten will require a conservative approach to staffing and budget planning;
  - Inflationary cost pressures for supplies and services and carbon tax effects;
  - Incremental costs of wage increases to be supported by Ministry funding;
  - The loss of revenue from the EDP has had a significant impact on the District. Staff will continue to work with the school board partners and the province to support strong child care in the city of Ottawa;
  - Virtual learning will continue in the 2021-2022 school year and funding and staffing will need to be reallocated in support of the program; and
  - The requirement for personal protective equipment (PPE) is likely to continue in the 2021-2022 school year and the District may have to fund what is required;
- Staff want to ensure that schools are places of stability and safety for students, staff and families. With the anticipated significant financial constraints this year, it will be essential to continue strong advocacy for school districts to receive sufficient funding to meet their needs. This discussion has been ongoing through the Ontario Public School Boards' Association (OPSBA), the Council of Ontario Directors of Education (CODE) and the Council of Senior Business Officials (COSBO). The continued support of trustees and staff will be essential for the work in planning for the 2021-2022 school year; and
- Staff will be bringing forward a timeline, in addition to that outlined in Report 21-013, that will outline the key decisions that need to be made to see the approval of a balanced budget in June of 2021. The key development dates will be updated as information becomes available.

In closing, CFO Carson noted that where there is uncertainty there is risk. Staff will be looking at ways to reduce the overall risk to the District in the development of the budget, should assumptions prove to be wrong, but still allow the District the flexibility to pivot to take advantage of opportunities. Staff will answer questions this evening and will continue the usual process of providing budget question and answer memoranda.

During the discussion the following points were noted:

- The Ministry has made no announcement of a change to extend the submission of a balanced budget past the end of June. If staff are not in a position to recommend a budget by the end of June, that would present a serious challenge to opening schools in September;
- The losses incurred in the EDP are not related to the normal operation, but are related to the impact of the pandemic. Staff will continue to work to achieve support and feel confident a significant portion of the loss can be recovered, but not through users in a short period of time;
- Regarding the increase of \$2.3 million resulting from the realignment of COVID-19 grants, this amount was reported as a non-operating cost as part of the revised estimates and not a new cost;
- With respect to the amount of \$10.7 million (\$7.8M and \$2.9M) for virtual schools, this amount represents the total COVID-related costs incurred under the instructional envelope, including virtual schools;
- Regarding the increase in the administration cost of \$209,234 for the Ottawa-Carleton Education Network (OCENET), Manager Gardner noted that staff are working with OCENET to review these costs and it is likely there will be an adjustment going forward;
- CFO Carson and Manager Gardner have been in contact with the Ministry to discuss the use of 3% of the District's accumulated surplus. The Ministry acknowledged that the OCDSB has always been conservative in its estimates and the District should not be requesting the use of this amount of reserves. The process requires school boards to ask permission to use a portion of the surplus and the permission includes a deficit reduction plan;

- Staff are looking at the cause of the deficit but are optimistic that it may resolve itself once enrolment returns to normal and foreign students return for example and there may not be a need for the use of 3% of reserves. Staff will provide updates to trustees as information becomes available;
- Regarding the \$4.6 million increase in occasional costs, this was a very early estimate and will be updated. Manager Gardner advised there was no breakdown between elementary and secondary OT costs but noted he could look into providing this information;
- The 2020-2021 Staff-Recommended Budget included the use of 2% of the accumulated surplus;
- The 2020-2021 Staff-Recommended Budget did not include a large deficit for EDP because staff felt there would be support beyond the GSN to offset the deficit. This year, staff will be more conservative in estimates as the support funding is unlikely to continue;
- The shortfall in the EDP that was funded by the province through the City of Ottawa last year was 70% (of wages);
- Regarding the ability to use the Ministry funding of 1 February 2021 retroactively for expenditures already incurred, CFO Carson advised he believed the funds would be for moving ahead with additional expenditures. Some school boards proceeded with expenditures in November and December in anticipation that funding would be identified and announced in December. Staff have not yet made a decision on how to proceed with the use of the funding;
- The OT provision includes all types of absences for OTs; and
- In response to a request from Trustee Bell regarding applying an equity lens and the impact on budget decisions, CFO Carson advised that an analysis on spending this year, to respond to COVID-19, and to ensure that traditionally marginalized communities have not been further impacted by COVID-19, could be done outside of the budget process, but there are not sufficient resources at this time to undertake this kind of analysis, to the extent that is requested.
- In response to a query from Trustee Lyra Evans regarding the application of an equity and environmental lens and the impact on budget decisions, CFO Carson noted that he would include this information, where possible, in future budget documents.



5. New Business - Information and Inquiries

Trustee Scott advised that she made a presentation to the Ottawa Town Hall that was convened by the Minister of Finance. The presentation was based on a letter that was written in October regarding the provincial budget, with an emphasis on the importance of continuing the COVID-19 funding support to school boards. She noted that the presentation can be found on the website under the Chair's correspondence.

CFO Carson advised that the advocacy that is occurring identifies an amount of funding that is required to support school boards and also the need for timely information from the Ministry to allow boards to make decisions, when planning for the next school year.

6. Adjournment

The meeting adjourned at 8:15 p.m.

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Sandra Schwartz, Chair