



24 May 2012

Report No. 12-120 to Budget Committee

Re: Budget Approval for 2012-2013

**ORIGINATORS:** Jennifer Adams, Director of Education and Secretary of the Board  
Director's Executive Council

**PURPOSE:**

To present for approval the 2012-2013 operating and capital budgets.

**BACKGROUND:**

On 19 January 2012, staff provided Report #12-021 to the Budget Committee, as well as a presentation with preliminary information on the 2012-2013 budget process.

The report clearly stated that “*the priority for the 2012-2013 budget is to maintain current programs and services to the extent possible, with a realignment to the district's new strategic plan*”, subject to the release of the provincial budget and the announcement of the 2012-2013 Grants for Student Needs (GSN).

On 29 March 2012 the province announced the 2012-2013 Grants for Student Needs (GSN). The accompanying technical paper and grant calculation package were released several weeks later, thereby condensing the time available to develop the recommended budget.

**STATUS:**

**Revenue**

The total revenue for the 2012-2013 school year is projected at \$786.9M which is an increase of 1.6% over the previous year. However, this is a net revenue increase; there have been reductions to grants in some areas as well as changes to the distribution of grant revenue. In particular, there has been no growth in GSN revenue, but considerable growth in “other” grant revenue.

There is limited overall growth in revenue for the 2012-2013 year. Revenue increases are targeted for specific Ministry initiatives, including the continued expansion of Full Day Kindergarten, as well as additional funding to support Student Success initiatives in grades 7 and 8, and some program enhancements in secondary schools.

The GSNs incorporated the key elements of the Ministry's collective bargaining framework. As a result, there was no funding provided for salary progression or cost of living adjustments.

There is also a reduction to the Qualification and Experience grant. This reduction is a result of the changing demographics of the teaching workforce. Annually, the OCDSB budgets for an average of

**BUDGET FACTS**

<b>Revenue \$M</b>	<b>11-12</b>	<b>12-13</b>
<i>Instruction</i>	\$583.4	\$596.5
<i>Continuing Ed</i>	\$10.4	\$10.4
<i>Transportation</i>	\$34.2	\$33.9
<i>Facilities</i>	\$85.7	\$86.2
<i>Central Admin</i>	\$18.6	\$19.2
<i>Amort/Deprec</i>	\$25.3	\$24.3
<i>Debt/Cost Rec</i>	\$16.6	\$16.4
<b>Total</b>	<b>\$774.3</b>	<b>\$786.9</b>

*Grant revenue is calculated using Average Daily Enrolment (ADE). The ADE projection for 2012-2013 is 68,310.9.*

*Total revenue has increased by \$12.6M.*

*GSN revenue for 2012-2013 is static at \$711.1M; the same amount received in 2011-2012.*

*Non GSN revenue increased from \$38.2M to \$51.6M.*

*The increase in revenue is a result of changes to specific grants – primarily attributed to funding for Full Day Kindergarten (FDK).*

*The GSNs were reduced by the Ministry based on estimated reduced costs related to salary, including grid progression and teacher qualifications and experience.*

*The GSN reduction for the two factors for all employee groups is \$7.5M.*

150 retirements from academic positions per year. For the current year, that number is expected to rise to 230. This, in combination with the expansion of FDK, will result in the hiring of new staff, which in turn will reduce our Qualifications and Experience grant funding. Experience has shown that the Q&E grant covers a smaller proportion of the OCDSB cost at the lower end of the salary scale than it does at the top of the salary scale. This will result in a net funding loss to the school district.

### **Expenditures**

Total expenditures for the 2012-2013 school year are projected at \$794.4M which is an increase of approximately 1.7%. This is primarily a result of the increase in operating costs associated with enrolment growth and expansion of the Full Day Kindergarten program. In addition, there are projected cost increases in the areas of utility charges, statutory benefits, employee benefits programs and transportation costs.

It should be noted that the expenditure projections are aligned with Ministry funding with regard to salary costs. Therefore there is no planned expenditure for salary grid progression or for cost of living adjustments.

Instructional costs are projected to rise by \$11.3M, which is mainly attributed to cost of operating the Full Day Kindergarten program. The mandatory program expansion to 171 classes will require classroom space, supplies and an additional 96.0 FTE elementary teachers and approximately 96.0 FTE Early Childhood Educators from 2011-2012.

Transportation costs for 2012-2013 are projected at \$40.5M. This includes \$6.0M for transportation provided to provincial schools by the OCDSB which is fully funded by the Ministry.

The transportation cost projection for 2012-2013 shows an increase in expenditures of \$2.5M. The cost increase is attributed to:

- the revised 2011-2012 budget calculation approved earlier this year in the amount of \$1.2M;
- an increase in contractual costs of approximately 6.9%; and
- an increase of \$400,000 to expand service delivery to students in grades 7 and 8.

Transportation costs exceed funding by \$6.5M. The Board has approved a strategy which will incrementally reduce the gap in funding through the Ministry's current Efficiency and Effectiveness Review process.

It is worthy to note that transportation is the only Ministry funding envelope with a significant under funding issue and is expected to be addressed within a three year window.

### **Budget Principles and Assumptions**

Recognizing the reality of provincial grants for both this year and anticipating what may lie ahead for 2013-2014, staff has been cautious in developing the 2012-2013 budget. The following principles have guided the budget development:

## **BUDGET FACTS**

<b>Expenditure \$M</b>	<b>11-12</b>	<b>12-13</b>
<i>Instruction</i>	\$586.4	\$597.7
<i>Continuing Ed</i>	\$9.9	\$9.4
<i>Transportation</i>	\$37.9	\$40.5
<i>Facilities</i>	\$86.3	\$85.9
<i>Central Admin</i>	\$18.6	\$19.2
<i>Amort/Deprec</i>	\$25.3	\$25.3
<i>Debt/Cost Rec</i>	\$16.6	\$16.4
<b>Total</b>	<b>\$780.9</b>	<b>\$794.4</b>

*A 1% increase in statutory benefit costs (CPP, EI, WSIB) is approximately \$367,000.*

*The annual cost of employee benefit plans is approximately \$25M.*

*\$638.6M (approximately 80%) of total expenditures covers salary and benefit costs. The remaining 20% of the budget relates to supplies, services, transportation and utility costs, and is subject to contractual obligations and third party agreements/ partnerships.*

*75% of the total annual budget is invested in instructional costs.*

*Enrolment in the Full Day Kindergarten program will more than double in 2012-2013, increasing from 1988 FTE in 2011-2012 to 4097 FTE in 12-13.*

*Expenditures in Central Administration represent 2.4 % of the total budget.*

*Expenditures in Transportation represent 5% of the total budget.*

*The Continuing Education Department generates approximately \$1M per year in profit.*

- Evaluate budget alternatives in the context of our strategic plan;
- Maintain current service levels wherever possible; and
- Any expansion or increase in service levels must be funded through new provincial funding, or through re-allocation of existing resources.

In order to ensure the capacity to reallocate funds, senior staff undertook a detailed review of current year budget expenditures in order to identify areas where funds were allocated and traditionally under spent or were no longer required. As a result of this exercise, \$1.7M in savings was identified. These savings have been reallocated to offset increases in operating costs in other areas in order to maintain current service levels or minimize reductions, and to meet the Ministry mandated 10% reduction in certain central administration expenditures.

The 2012-2013 staff recommended budget has been developed using the following assumptions:

- there is no revenue or expenditure change planned for salary costs related to grid progression or cost of living expenses;
- the costs of maintaining current employee benefit plans is expected to increase and is subject to negotiation with the provider;
- the costs of providing statutory benefits is expected to rise by approximately 1%;
- employer contributions to OMERS pension fund are expected to rise by approximately \$500,000;
- the number of retirements projected for 2012-2013 is expected to be in the range of 150 academic positions;
- enrolment in full-day kindergarten will more than double;
- Transportation costs are projected to rise by \$2.6M;
- Special education spending to be maintained at current levels with expenditures approximately \$.8M higher than revenues.

#### **New Budget Initiatives – Direct and Indirect Student Supports**

Proposed initiatives or expenditure increases in the 2012-2013 budget can be grouped into two categories:

- Direct student supports; and
- Indirect student supports.

#### **Direct Student Supports**

Strategically placed direct supports for students increase their ability to succeed in both student achievement and well-being. The academic staffing decisions included some new direct student supports, including 7.4 FTE in Student Success teaching positions for grades 7 and 8, as well as 88.0 FTE positions for teachers in order to support the FDK program expansion.

Aboriginal education is a Ministry priority and is subject to targeted funding. The City of Ottawa reports that the Aboriginal population is the fastest growing population in the municipality. Through the academic staffing process, the Board approved the creation of an

## **BUDGET FACTS**

*The OCDSB budget process is divided into two parts:*

- academic staffing decisions
- operating budget decisions.

*Approximately, 58% of our annual operating budget or \$475M per year is spent on academic staff. In addition, approximately \$165M is spent on administrative and support staff approved during the operating budget process.*

*In April, the Board approved 4,644.61 full-time equivalent (FTE) academic staffing positions for the 2012-2013 school year – 2,994.60 FTE elementary and 1,650.01 FTE secondary positions.*

*Almost 84% or 3891.98 FTE of our academic staffing is required by contract or by legislation. (80% at the elementary level and 90% at the secondary level)*

*The 2012-2013 approved budget includes 31.5 new positions which are discretionary:*  
 12.0 FTE Special Education  
 6.0 FTE FDK  
 2.0 FTE Planning  
 3.0 FTE Facilities (Trades)  
 2.5 FTE Administration  
 6.0 FTE School Support  
*Of these, 24.5 are direct support to students and 7.0 are indirect support to students.*

*The district will invest \$1.1M in Aboriginal Education in 2012-2013 an increase of \$456,000 over the previous year.*

*The number of sections for Native Studies in secondary schools has increased significantly over the past three years.*

Aboriginal Instructional Coach position (1.0 FTE) that will provide support to teachers in meeting the needs of Aboriginal, Métis and Inuit students. In addition, the staffing decision included an increase in teaching positions based on the number of sections to be offered for Native Studies classes at the secondary level.

As the number of English language learners across the district continues to grow at both the elementary and secondary levels relative to the entire student population, and, the needs of these learners continue to diversify, especially at the secondary level, an additional 3.0 FTE ESL secondary teachers was approved during academic staffing. Two of these positions will be used to offer more sections at existing sites and the third will be located at the new ELD site at Ridgmont High School.

The 2012-2013 recommended budget includes strategic investments in direct student supports in the areas of:

- Special Education;
- Full-Day Kindergarten;
- Administrative support to schools;
- Lunch time monitors; and
- Drug counseling.

In response to student need, the budget proposes an increase to Special Education of three specialized classes, to be determined based on need. This is in addition to the specialized autism class approved through academic staffing. Additional educational assistants and Learning Support staff funded through Full Day Kindergarten and described below will respond to the needs of our youngest learners in JK/SK.

The Full Day Kindergarten program will expand to 171 classrooms next year. To support this expansion, 88.0 FTE teaching positions were approved during the academic staffing process. The budget includes \$3.9M in expenditures for an additional 96.0 FTE Early Childhood Educator positions required for these classrooms. In addition, the budget includes \$300,000 for special education supports to the FDK program and \$150,000 in supervisory positions to support the expansion of the Extended Day program.

The equivalent of 6.0 FTE school office assistants were added to assist with the increased workload in our schools. Staff will endeavour to maintain a minimum of 1.5 FTE office staff in all elementary schools. There are currently 24 elementary schools with an office staff complement of 1.25 FTE.

The budget also includes an expenditure increase of \$80,000 for lunch time monitors. Lunch time monitors are provided to elementary schools based on need in order to ensure adequate supervision of students. The current allocation for lunch time monitors is \$500,000. The proposed increase will enable the expansion of the program to provide for supervision at additional FDK sites based on need.

## **BUDGET FACTS**

*The district will invest \$10.5M in English as a Second Language (ESL) instruction in 2012-2013.*

*This includes 84.25 elementary FTE English as a Second Language positions and 24.00 secondary FTE ESL/ELD secondary positions for 2012-2013.*

*The OCDSB will invest \$99.7M in special education programs and services in the 2012-2013 school year. Annually, the district spends approximately \$1M more than it receives in funding for Special Education.*

*Funding for the Full Day Kindergarten program will grow from \$7.4 in 2011-2012 to \$21.2M in 2012-2013.*

*The budget includes 96.0 FTE additional Early Childhood Educators. These are non-discretionary as the number of classrooms is established by enrolment.*

*The recommended budget also includes an increase in expenditures of \$300,000 for drug counseling.*

*Drug counseling services are provided through a community partnership between the school district, the Ministry, the United Way, the Local Integrated Health Network, and Ottawa Public Health.*

*The total cost of the new direct student supports proposed in the 2012-2013 budget is \$2.2M and includes 24.5 FTE.*



The additional funding for drug counseling will allow for the equitable provision of service to secondary students across the district. Currently, 17 secondary schools and 4 alternate sites have access to drug counseling. With the allocation of an additional \$300,000, all of our secondary students will have access to this important support through partnership funding or district funding.

### **Indirect Student Supports**

In order to support student learning and well-being, the district must make investments inside and outside of the classroom. In this budget proposal there are several strategic investments which provide indirect student supports include:

- Program space compliance
- Planning
- Facilities (Trades)
- Administration (security, labour relations)

Staff has previously reported on the need to respond to under spending at the school level on program and special purpose spaces. Several years ago, responsibility for inspecting, maintaining and renewing certain program spaces, such as shops, auditoriums and labs was downloaded to schools, when central facilities and superintendency budgets were reduced. As a result of recent Ministry of Labour and Fire Marshal inspections, it is clear that this approach is not sustainable. In addition to the \$1.2 million recently allocated for this purpose in 2011-2012, staff has proposed the creation of 3.0 FTE Facilities (trades) positions and an operations budget of \$250,000 as well as an allocation of \$ 250,000 from facilities renewal funding to begin to address these needs.

Additional support in Planning through the addition of 2.0 FTE, an Assistant Manager and a Planner will be required to allow the board to deal with the changes resulting from continued rapid growth in the across the district, the impact of Full Day Kindergarten, as well as the need to develop a more strategic approach to capital planning. These position will to better align growth and facility priorities with the OCDSB strategic plan.

Two additional central staff positions are being recommended to support operational needs. An additional 1.0 FTE term position to support negotiations is part of the district's regular strategy to ensure sufficient staffing resources during the collective bargaining process, without adding permanent positions to the staff complement.

The second position, a 1.0 FTE in Corporate Services is required to support the district's commitment to engagement and well-being in the Administration Building. This position works at the Main Reception Desk, welcomes visitors and manages the visitor card access program. The position was created on a term basis in 2011-2012 and was funded from salary vacancies; however, a permanent funding provision is required to sustain the position.

## **BUDGET FACTS**

*The total cost of the proposed indirect supports to students in the 2012-2013 budget is \$605,000 and includes 7.0 FTE.*

*The Ministry of Labour will have inspected every secondary school in the district by the end of June.*

*Ministry of Labour orders must be addressed within 30 days.*

*The Planning Department has coordinated 5 Accommodation Review processes in 2011-2012. Each Accommodation Review requires approximately 500 hours of staff time at the planner level.*

*The OCDSB has 9 bargaining units. The collective agreements with all 9 bargaining units expire on August 31, 2012.*

*The Central Administration Building welcomes and registers approximately 80 visitors per day.*

*The district invests in all areas of the strategic plan, but our largest investment is in learning.*

*Our staff is our biggest asset - in 2012-2013 there will be 4644.61 classroom teachers; 560.99 Special Education Teachers; 108.25 ESL teachers; and 42 instructional coaches.*

### Alignment to Strategic Plan

A report on the key work under our strategic plan for the 2012-2013 school year will come forward in the fall of 2012. This budget includes a number of investments which will enable us to continue our work in the four pillars of:

- Well-being
- Engagement
- Leadership
- Learning

The bulk of our investment falls within the learning pillar. In addition to classroom teachers and learning support teachers, the most significant investment the district makes in learning is through the allocation of discretionary teaching positions, primarily ESL and Learning Support teachers as well as Instructional Coaches to support professional learning.

In well-being, work is continuing on many new initiatives, including the development of a mental health framework. The most significant new investment in well-being through the budget is the expansion of the drug counseling program to all of our schools. This is a much needed and highly valued program support. Other work in the area of well-being continues and in many cases is supported through existing budgets and community service partnerships. For example, through a partnership with the Community Care Access Centre, the district will have 3.0 nurses working on student mental health in the 2012-2013 school year.

In the area of engagement, we will be expanding our work on parental engagement through the Parental Involvement Committee (PIC) and in partnership with OCASC and school councils. Work with the broader community will also be supported through the renewal of the CCEE to the Advisory Committee on Equity. The district will continue to provide funds through existing operating budgets for student voice initiatives at the school and district levels.

In the area of leadership, the district will continue its commitment to mentoring, new teacher induction, succession planning and encouraging creative and critical thinking as part of leadership development. Most of this work will continue through the reallocation of existing departmental budgets. The Lead the Way Event series including the fall and spring leadership conferences will continue, but strategies are being reviewed to move towards one-day rather than two-day conferences. Principals and vice-principals will continue their professional learning throughout the year with the Lead Learner series.

### BUDGET FACTS

*In 2012-2013 the district will have an additional 3.0 nurses available to provide support for student mental health.*

*The district receives limited funding for the operation of the Parental Involvement Committee. Annually, the district, through the PIC, makes application for a Parents Reaching Out grant. These funds help to offset the costs of the Speaker Series.*

*The district will invest \$6.1M in staff development in 2012-2013.*

*Total Revenue \$786.9M  
Total Expenditures \$794.4M.*

*Use of Reserves to address the funding operating deficit in Transportation is \$6.5M.*

*Estimated available reserve is \$17.8M for 2012-2013.*

*Approved use of this reserve is \$6.5M for 2012-2013.*

**FINANCIAL IMPLICATIONS:**

The total revenue for 2012-2013 is \$786.9M. The total expenditure projected in the staff recommended budget is \$794.4M. This creates a funding deficit of \$7.5M; \$1.0M of which is due to provincial accounting rules and is funded through existing reserves for non-provincially funded capital projects, leaving a balance of \$6.5M.

The district is forecasting an estimated available reserve of \$17.8M available at the start of the 2012-2013 school year. In accordance with Ministry guidelines, the district may use up to \$7.0M to address an operating deficit in the 2012-2013 budget. The use of reserves to finance an operating deficit beyond \$7.0M requires Ministry approval and is not recommended. The budget is based on use of \$6.5M of operating reserves with the remaining \$500,000 held as a contingency for any adjustments required if there are significant unbudgeted variances in school enrolments in 2012-2013.

**CONSULTATION PROCESS:**

In January, it was recommended that February and March be used for consultation on the budget process. The goal was to make the community aware that the budget development process was underway; to advise the community that the district was planning a budget without significant changes to service levels, and to solicit input early in the budget development process in a purposeful manner.

Feedback was received from parents, school councils, students, OCDSB community groups, staff and the public at large. The feedback received was limited in terms of the number of respondents, but in general terms the key messages heard in the consultation were:

- appreciation for a steady state budget;
- emphasis for the on-going need for investment in special education;
- need for investment in facility maintenance and renewal;
- importance of providing resources and supports in the area of mental health and well-being;
- need for funding for arts education; and
- specific requests for funding to support advisory groups including Parental Involvement Committee, Arts Advisory Committee, Community Council on Ethnocultural Equity.

**SUMMARY:**

Many important decisions about strategic investments for 2012-2013 school year were made through the academic staffing process. The staff recommended budget complements those decisions and was developed with an emphasis on aligning investments with our strategic plan; maintaining current service levels, and ensuring that any expansion in service levels is funded to the extent possible through new grants or the reallocation of funds. The following new initiatives are included in the 2012-2013 staff recommended budget:

- 96 ECE positions for Full Day Kindergarten expansion;
- 6.0 FTE FDK (3.0 Special Education Professionals; 3.0 Extended Day Supervision)
- 12.0 FTE in Special Education (3.0 FTE teachers; 6.0 Educational Assistants – Specialized classes; 3.0 Educational Assistants - general);
- 3.0 FTE Facilities (Trades);
- 2.0 FTE Planning;
- 2.5 FTE Administration (1.0 Labour Relations,
- Building Security/Reception, 0.5 Continuing Education);
- \$80,000 Lunch Time Monitors;
- \$300,000 Drug Counseling; and
- \$250,000 Program Space Compliance
- \$300,000 for 6.0 FTE Assistant Office Administrators

This represents a \$794.4 M expenditure budget using \$6.5M in reserves.

Approved by the Board on 12 June 2012:

- A. That the Board approve the unconsolidated 2012-2013 Operating budget of \$794.4 million, as detailed in Report 12-120 and the supporting 2012-2013 budget binder;
- B. That the Board approve a Capital Expenditure Budget of \$29.0 million, as detailed in the 2012-2013 budget binder attached to Report 12-120.
- C. That the Board approve the use of \$6.5 million of uncommitted accumulated surplus to finance the 2012-2013 budget.