

2012-2013 Budget Questions and Answers

As of 24 May 2012

- Q1. The Proposed Budget states that staff has identified \$1.7M in savings from budgets that were no longer needed or unspent. Can staff please identify the source of these savings and where these savings have been reallocated to?*
- A1. Reductions or adjustments were made based on historical trends and projected spending for 2012-2013. Examples include a district project account that was historically unspent, central kilometrage accounts that have not been fully used and specific benefit budget accounts for WSIB and Long Term Disability absences for which actual costs were recorded in other central accounts. \$197,000 of these savings were reallocated to the facilities department as per the Ministry directive of a 10% reduction in parts of Central Administration and the balance was part of the overall available budget room to fund the recommended budget.
- Q2. If the cost of maintaining the current employee benefit plan is expected to increase and is subject to negotiations, how is this forecasted in the budget? Are we being conservative?*
- A2. The costs of the current employee benefit plan (fringe benefits) are expected to increase for 2012-2013, as usage and drug costs increase. The contracts to provide the main parts of the fringe benefit package will have to be renewed in the spring of 2013. The 2012-2013 proposed Budget does include a provision for an expected rate increase.
- Q3. Please comment on how Special Education spending will be maintained at current levels with this Proposed Budget. Have there been any cuts to non Special Education programs?*
- A3. Special education funding has increased. There is a modest increase in the number of social workers, psychologists and speech and language pathologists, educational assistants, and specialized classes. There have not been any reductions to non Spec Ed programs to fund these costs or to maintain current service levels.
- Q4. The Full Day Kindergarten funding for 2011-2012 was \$7.4M and the expenditures \$7.8M. The funding for 2012-2013 will be \$21.2M and expenditures of \$16.3M. Is this correct? Please explain?*
- A4. Yes, funding for FDK was higher than anticipated due to new transition grants. The projected program costs for 2012-2013 are \$16.3M which is less than the total revenue.
- Q5. In past practice, the cost of inspecting, maintaining and renewing certain program spaces was downloaded to the schools. Are theses responsibilities being re-directed centrally? Are we removing resources from site-based and redirecting centrally, or just adding funding sources to central?*

- A5 Several years ago, the responsibility for inspecting, maintaining and renewing program spaces was downloaded without the transfer of any funds to cover the costs associated with this work. The recent increase in inspections and the requirements to complete work associated with inspection orders has identified the need to create a central budget to support this work. The funds will be used to pay the costs to comply with Fire and Labour Inspection orders, for example, eye wash stations, safety equipment in labs and tech classes.
- Q6. *Are the 3.0 FTE nurses who will be working on student mental health seconded? If not, is there a co-payment agreement with CCAC?*
- A6. The mental health nurses will be employees of CCAC, but will work in our schools under our agreement with Public health. They are not seconded.
- Q7. *Staff has indicated that it wishes to maintain its current commitment to leadership development. Will this be done through the reallocation of existing departmental budgets? If so, what budgets will be reduced or removed to fund this?*
- A7 The current commitment to leadership development is a priority. The budget amount was maintained at the same level as the previous year. However, costs are expected to increase. Staff will consider alternative delivery mechanisms as well as non GSN mid year grants that could be used to offset the costs of leadership development. No specific line items have been reduced or redirected to leadership development.
- Q8. *What is the \$1.0M of reserves for unfunded capital projects? Is the \$1.0M planned for in the capital priorities process? If used, how much capital reserves will be left? To what extent are we able to move capital or operating dollars by moving reserve accounts between the two?*
- A8. The \$1 million use of deferred capital contributions for board funded capital shown on Page 20 (coming from Use of Reserves shown on Page 39) is the result of the Board's past decisions to proceed with capital projects that were not funded by the Ministry through capital grants.

The provincial government requires schools boards as part of PSAB accounting to depreciate / amortize the cost of capital assets over the useful life of the assets. This creates an annual expense to be included in the budget. The provincial government also requires that there be annual revenue equal to the amortization expense. It provides the offset for Ministry funded capital projects. It does not provide funding for the annual amortization of school board financed capital projects. Instead, the provincial government requires that the school board transfer an amount equal to the cost of the board financed capital project from working fund reserves to a specific reserve (Board Financed Projects on Page 39) that can only be used to fund the annual offset to amortization.

Unless a school board has working fund reserves equal to the cost of the capital project, it can not proceed to build the capital project even if it has the cash to pay for the project.

Once the specific reserve is created and the capital project completed, the amount in the reserve can not be used to balance future budgets.

Q9. Where did \$16.0M in reserves come from? Does it make sense to apply to the Ministry to use more than \$7.0M?

A9 Below is a summary of six years of year end surpluses that have created the \$16.5 million of available working fund reserves. Please note that the annual surplus ranged from \$0.1 million to \$5.1 million. It never went over 1% of the budget.

Ottawa Carleton District School Board

Accumulation of Reserves

In \$Millions

<u>Year</u>	<u>Revenue</u>	<u>Expense</u>	<u>Surplus/(Deficit)</u>
2010-2011 *	748.0	746.3	1.7
2009-2010	706.4	703.4	3.0
2008-2009	686.1	681.0	5.1
2007-2008	653.5	651.6	1.9
2006-2007	629.2	629.1	0.1
2005-2006	615.9	611.2	4.7
	4039.1	4022.6	16.5

* Surplus/deficit amount excludes planned deficit

In most of these years the original budget had called for reserves to be used to balance the budget. A combination of additional mid year revenues to fund items already in the expense budget and under spending of expense budgets allowed the District to finish the year without having to use reserves to balance the budget.

Under Ministry of Education rules, the OCDSB can use up to \$7 million of reserves to balance 2012-2013 without requiring Ministry approval. If the Board wishes to use more than \$7 million the Ministry must approve the entire amount, not just the amount over the \$7 million. Boards that have asked for such permission have found it difficult to obtain. The Ministry expects boards to operate within the annual revenues available. Permission would depend on convincing the Ministry that no other course of action (expenditure reductions, postponement of new initiatives, etc.) was possible, and there would also need to be an action plan as to how the board would return to a balanced budget with timelines and benchmarks clearly agreed to by the board.

Q10. Is the \$800,000 that is being held as a contingency for adjustments required for significant variances in enrolment the same contingency that was discussed at the HR Committee? Why would we need this fudge factor on top of a budgeted number of "need pool teachers"? Is this related to the possible increase in Full Day Kindergarten classes?

A10. The \$800,000 contingency amount was included in the budget as a result of the HR Committee discussion. These funds would be used in situations where enrolment exceeded projections and resulted in the need to create additional classes in order to comply with class size requirements. This could be the result of FDK enrolment or enrolment in regular day school.

Q11. What is the \$250,000 investment in program space compliance? Can you please provide additional details on this issue?

A11. See Question 5

Q12. Please provided further details on the \$1.7M of old initiatives or the unspent funding referred to earlier (Question 1) as unspent money. Specifically, why does staff anticipate it will not be needed going forward?

A12 As indicated in Question 1, reductions or adjustments were made based on historical trends and projected spending for 2012-2013. Examples include district project accounts that were historically unspent, central kilometrage accounts, and specific benefit accounts for WSIB and long term disability that were recorded in central accounts

Q13. With regard to the increase from \$4.3 to \$4.4 in non-grant revenues for rentals (page 20 of budget binder), what is the total cost to run the rentals, i.e., electricity, overtime, and what is the difference between weekday and weekend costs?

Q13. The revenues for 2012-2013 reflect a fee increase for rentals. A further response will be provided at a future meeting

Q14. What is staff's view of the use and renewal of reserves over the next few years in light of the provincial government's plan to balance the funding? Is a steady state budget approach appropriate?

A14. Staff is comfortable in recommending a steady state budget for this year. A three-year plan is in place to eradicate the funding gap in transportation. Reserves are needed in each of the three years to provide bridge financing until the permanent ongoing funding is in place.

A further response, include trend lines for the transportation budget, will be provided at a future meeting.

Q15. On page 57 there is an allocation for professional development at the elementary panel, but on page 58 there is not a similar allocation for the secondary panel. Why not?

A15. The secondary panel does receive a professional development allowance of \$20 per FTE. This information is not shown as a separate line on the budget page because the allocation is provided directly to the federation who plans and organizes the professional development activities.

- Q16 Would it be possible to get the current list of the number of students on the waiting lists for various class placements for next year?*
- A16 Preliminary numbers for our waitlist for specialized classes will be made available by May 30th as the offers began at the beginning of the month. Offers are being extended every day and the numbers are changing.
- Q17 The strategic plan intersects are referred to in the document, but not much detail is given. Will the details follow?*
- A17 The letter of transmittal provides an overview of the intersection of the strategic plan and budget. More specific detail on how investments in key areas intersect with the strategic plan are provided in the impact statements.
- Q18 How much extra money was allotted to schools to compensate for the "no fee" policy, how it might be specifically directed (or not) and if there was any addition to other arts funding to provide equity for all the arts, and not just fund music?*
- A18 Last year, \$1.5M was added to the budget for schools to address the “no fee” policy. That amount has been maintained in the staff recommended budget for 2012-2013. The specific direction of funds in the current school year for music programs was related to the cost of purchasing of instruments. There are some ongoing maintenance costs uniquely associated with instruments. However, the funds have not specifically been targeted to any particular arts program/initiative for the coming school year.
- Q19 Consideration should be given to the allocation of extra targeted dollars for the Arts Instructional Coaches. Would this not be a line item and just discretionary funding by Curriculum Services?*
- A19 As is the case for the work of all instructional coaches, the funding for on-site support and professional learning networks is provided through the ministry grant allocations (e.g., LOG-Learning Opportunities Grant, as well as through OFIP-Ontario Focused Intervention Program, SIM-Schools in the Middle, SSI-Student Success School Support Initiative, where a justifiable connection can be made with respect to the mandate of the grant. As such, the Instructional Coaches for the Arts coordinate on-site support and network sessions with an allocation from the above, with the majority of the funds going to release time for teachers. The allocation specific to the arts has been stable for the past five years at approximately \$120 000 - \$150 000 each school year.