



19 October 2009

Report No. 09-180 to Budget Committee

Re: 2010-2011 Budget Process

ORIGINATORS: Lyall M. Thomson, Director of Education
Michael E. Clarke, CFO
Director's Executive Council

PURPOSE:

1. To seek Board approval for the 2010-2011 budget process.

BACKGROUND:

2. The Ottawa-Carleton District School Board has entered a challenging multi-year period. The government of the province of Ontario has stated its intention to reduce its spending by \$1 billion over the next three years in order to address its fiscal deficit. The government has not announced how it will implement this reduction across all its areas of spending. However, it is unlikely that education will be exempted. The Ministry of Education announced as part of its 2009-2010 grant package that it was cutting grants for that year and would make further reductions for future years. It has not said how it will reduce the grants. Staff is working with the assumption that the OCDSB will face funding reductions.
3. The probability of grant reductions has increased as government officials have indicated that the expected current year deficit of a \$14 billion deficit is now being projected to be \$18 billion.
4. OCDSB staff recognized that there would be a fiscal challenge in future years and highlighted this in its multi-year projection during the 2009-2010 budget process. The Board accepted staff's recommendation to deal with the problem through a multi-year plan by using existing reserves to cover most of 2009-2010's deficit, and directed staff to commence action early in the 2009-2010 school year to develop a permanent solution. The Board and Budget Committee also approved a budget to obtain expert third party assistance.
5. It must be remembered that this is not just an OCDSB problem. All Ontario school boards face the issue of cuts to provincial funding. OCDSB preliminary projection for 2010-2011 of \$14 million, while serious is not of the same magnitude as the funding problems faced and solved in previous years.
6. Members of the Budget Committee provided input on the 2009-2010 budget process. While there was not consensus on what should be changed, one theme was identified. Members asked that the purpose of the committee review and debate be settled before the 2010-2011 budget debate begins. The example to illustrate the need for clarification was the motion to commence charging

staff for daytime parking. Will the Budget Committee approve Board policy changes as a bi-product of the budget debate, or will the other standing committees settle any policy change and the proposed budget will then flow from this as a given?

STATUS:

7. Staff, following normal Board policy and procedure, selected the firm of PricewaterhouseCoopers (PWC) as the consultants to assist in determining how to find ways to fund the grant shortfall, both through revenue generating opportunities, and potential expenditure reductions, with the least possible impact to students' education for 2010-11 and future years. PWC commenced work at the beginning of September 2009 and their final report is due the week of 30 October 2009.
8. Staff has also commenced an internal budget preparation process. Director's Executive Council met on 26 August to start the work. A larger budget group consisting of superintendents, managers and principal representatives has met on 4 September and 2 October. Central budget holders have been asked to consider various reduction/revenue generating scenarios and determine the most likely impacts to the system. All have been asked to consider where there is perceived overlap of services. Staff will continue to work on this in order to prepare the budget options that are used for public consultation that will commence in January 2010.
9. The Budget Committee must now turn its attention to how it wishes to operate the review and debate portion of the 2010-2011 budget process.

DECISION PRINCIPLES:

10. There are some items that are givens.
 - 10.1 All staff and members of the Budget Committee support the Board's four year strategic plan. The entire strategic plan is available at:

[Http://www.ocdsb.ca/Documents/Board_Meetings/2008/June_2008/Brd_Mtg_June24_2008/Brd_Mtg_June24_2008asp](http://www.ocdsb.ca/Documents/Board_Meetings/2008/June_2008/Brd_Mtg_June24_2008/Brd_Mtg_June24_2008asp)
 - 10.2 We all want what is best for students in the district. No one wants to cause disruption to students, their families and our staff. We also know that removing \$14 million from our budget is not possible without disruption.
 - 10.3 We accept that the Education Act governs us, requiring the Board to approve a balanced budget for each fiscal year.
 - 10.4 The question that the Committee has to deal with is:
Given the reduced funding that the OCDSB will have, what changes will be made in order to create conditions that will allow the district to operate within its ongoing funding, while continuing to make progress towards its strategic plan?
11. Staff proposes the following as the principles to be used in determining the 2010-2011 budget:
 - 11.1 We accept that the existing services and programs will have to change in terms of numbers of options offered and methods of delivery if the OCDSB is to be able to balance its budget.

- 11.2 Our aim is to ensure that the greatest possible number of students receive education that addresses needs, in keeping with the issues raised in the Board's earlier discussion on schools for the future and OCDSB's planning for the 21st Century learner.
 - 11.3 Our aim is equity in service to students needing help not equality in having exactly the same service being provided to all students, recognizing that the OCDSB does not have the resources to meet all possible needs that may appear in our community. This may result in differentiated allocation of resources to groups of students and/or school sites.
 - 11.4 Our major strength is in our staff. Reductions will be made, where possible, to minimize the number of terminations, recognizing that the remaining staff must have sufficient non-staff resources to be effective in their jobs. Accomplishing this may require staff to change jobs and locations. However if the choice is between staff jobs and the good of students, students come first.
 - 11.5 We will attempt to plan the changes so that they are transparent with a clearly stated end product, acknowledging that future events may require changes to the budget plan. Full implementation of all changes may possibly take longer than the 2010-2011 school year. This may require a multi-year plan, but each year's budget must be balanced.
12. Budget Committee members may also have ideas, not include in the staff options, on what should or can change in order to have the OCDSB operate within its ongoing funding. The 2010-2011 process must provide means for these to be raised, discussed and a decision made as to whether to proceed.
 13. Balancing the budget will require major changes. Proposed changes of a major nature need public input before the Board approves the change. The challenge is to find a way to accomplish this, knowing that the Committee will have to quickly make decisions between late April (when the grant details are expected to be known) and early June (when the budget must be settled to allow schools to plan the next school year and the Board to meet the Ministry filing deadline). Committee members and observers, in the past years, have expressed concerns having new proposals raised during the Committee debate in May, long after the public consultation process had ended. There was also prolonged debate during the 2009-2010 budget review as to whether standing committee should be part of the review or not.

THE BUDGET PROCESS:

14. Committee members take the time from now until the preparation of backup for the Budget Committee meeting on 14 December 2009 to review previous years' budget debates. Each member can identify the major items not already implemented the member believes may be needed to balance the 2010-2011 budget.
 - 14.1 Such items will be sent to staff to prepare a summary list. This will be presented to the 14 December Budget Committee meeting. Each standing committee can then determine if there are items it wishes to review / debate because of the policy change that would be required to implement such a change before the start of Budget Committee debate in May 2010. The standing committee by then would see the budget options that had received public consultation and then decide if the standing committee's time should be used to consider the proposal. The standing committees would then become the forum for the debate on policy changes to implement the proposed budget change.

- 14.2 Suggestions that were already part of staff proposals for public consultation could be held pending that consultation.
- 14.3 The Budget Committee would also have the option of directing that an item be added to the public consultation list for January 2010.
- 14.4 Staff would expect that the standing committees would review staff proposals and committee members' suggestions to determine if any of the options going to public consultation also needed debate at a standing committee because of the policy change implications.
- 15. The Budget Committee, in May, will have the benefit of the public input and the standing committee debates. It then can determine if it is willing to recommend the budget impact of the proposed changes.
- 16. Committee members would still have the option, in May, of proposing a budget change that had not been through the whole process, but would then have to explain why the proposal did not have the same full public consultation as other options being considered at that stage.
- 17. The alternative is to continue with current practice, in which the standing committees have no role in the budget debate. Staff believes that this process choice has the potential to create a situation where the Budget Committee will receive so many budget proposals that the Committee becomes bogged down in the month it has for decision making.
- 18. The proposed process for Budget Committee members depends on there being some broad consensus on what areas need to be looked at for reductions to achieve savings that can be used to balance the budget. Staff proposes helping this consensus to develop by using the 16 November meeting of the Budget Committee as a workshop for the committee members to articulate their views on potential viable budget options. Staff will facilitate this process.

TIMETABLE:

- 19. PricewaterhouseCoopers will be issuing its report and recommendations on budget change options the last week of October. Staff needs to see and consider the report before its budget options can be finalized.
- 20. Staff is in the process of developing budget change options, with an end date for detailed proposed changes at the end of November. These options will be in the Board backup issued on 4 December 2009 for the Budget Committee meetings of 14 December. The details of the public consultation process will also go to this meeting, for approval at the Board meeting of 15 December 2009. Given the next Board meeting is 12 January 2010, a decision on the consultation items and process is needed on 15 December if staff is to proceed with the 18 January public consultation meeting.
- 21. The timing factors of when options can be finalized opens up the Committee meeting of 16 November for a workshop for its members. Staff can set up a consultation process to facilitate members being able to express their views. This will help staff in the process of finding viable budget change options and will help the committee members better understand each others thinking on budget. Both will facilitate the process of having the May debate be productive and focused on what changes to make.
- 22. A report on the consultation results to date will be brought to the 8 February 2010 Budget Committee meeting.

23. Further district wide consultation meetings will be scheduled if there is sufficient demand for them. Staff sees the trustee zone meetings and the regular meetings of the stakeholder groups as the primary channel of input. The Budget Committee members are responsible for determining and running the input gathering process that suits the needs and corporate culture of each group. This should be under way from January 2010 to May 2010. The committee members will then participate in the May budget review with the benefit of their groups' inputs.
24. The formal budget process then waits until the provincial government makes its funding announcements and issues the grant calculation details. Staff needs a month from the grant calculation package being received and the detailed budget proposal with the backup expected by the Committee being issued. On the assumption that the Ministry will follow its usual timing, the Committee meeting that would receive the staff budget recommendation would be 3 May 2010. Backup for the meeting would be expected to go out on 22 or 29 April 2010.
25. The Budget Committee will not be able to have an effective debate on budget change proposals until it knows that the OCDSB's 2010-2011 funding will be. The best situation would be that the Ministry also announce the 2011-2012 and 2012-2013 funding at the same time as the 2010-2011 funding. Staff could then estimate the total size of needed changes and propose a multi-year plan. It is unlikely that the Ministry will provide multi-year revenue commitments, as the provincial government is uncertain as to its revenue projection.
26. The dates of May 3, 10, 17 and 19 May, 2010 have been reserved on the Board's meeting calendar for Budget Committee meetings. A recommendation is to go from the Committee to the Board at its 25 May meeting. This would then allow staff to prepare the detailed reporting package required by the Ministry to meet the requirement to file an approved balanced budget by the deadline date set by the Ministry.

Dates as presently scheduled are summarized in Appendix A.

FINANCIAL IMPLICATIONS:

27. At this point in time, staff's projection of the expected 2010-2011 funding shortfall is \$14 million. The financial presentation presented to the Committee at this meeting highlighted the areas that will have to be looked at to generate a reduction of this size.

RECOMMENDATIONS:

That the Board approve the budget decision principles as set out in paragraph 11 of this report:

1. Existing operation will change.
2. Students will be educated.
3. Equity rather than equality in budget deployment.
4. Impact on staff will be considered.
5. Clear transparent plans, with stated end goals.

That the Board approve the 2010-2011 budget process as set out in paragraph 14 of this report:

1. Major budget change options will be announced early in the process.
2. The Board's standing committees will review the options to determine those

- they wish to review pertaining to the policy change(s). It should be noted that some options may not be considered as this process is at the discretion of the committees.
3. Public consultation will occur in January and further consultation will be through trustee zone meetings and stakeholder forums.

Lyll M. Thomson
Director of Education / Secretary of the Board

Michael E. Clarke
Chief Financial Officer

MEETINGS OF THE BUDGET COMMITTEE FOR THE 2010-2011 BUDGET PROCESS

Monday, 19 October 2009	1 st meeting of 2010-2011 process.
Monday, 16 November 2009	PricewaterhouseCoopers report and Group workshop.
Monday, 14 December 2009	Receive and approve options for public consultation. Approve consultation process.
Monday, 18 January 2010	Public Forum for input on budget options.
January 2010	Zone meetings and stakeholder forums.
Monday, 8 February 2010	Receive summary of public input received to date.
March 2010	2010-2011 Academic staffing number approved.
Monday, 3 May 2010	Staff recommendation for 2010-2011 budget plan.
Monday, 10 May 2010	Delegations, review and debate of budget.
Monday, 17 May 2010	Debate on 2010-2011 budget continues.
Wednesday, 19 May 2010	Debate finishes and the Committee recommends a budget to Board.
Tuesday, 25 May 2010	Board approves 2010-2011 budget.
June 2010	Staff prepares OCDSB's Ministry reporting package.