



Executive Report

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Summary

1. The Ministry of Education requires that school boards approve and submit annual budget estimates before the end of June for the upcoming school year. The budget estimates that were approved by the Board of Trustees on June 17, 2025 reported a balanced budget which means that total revenues from Ministry grants and other sources equaled anticipated expenses.
2. The Ministry also requires that the approved budget estimates be revised after the start of the school year. The update to the Board's approved estimates is referred to as the Revised Estimates. In most years, the more significant changes relate to:
 - grant revenues reflecting actual enrolment;
 - changes in staffing costs resulting from enrolment updates and the finalization of school-based staffing;
 - changes relating to the amortization of investments in recently completed capital projects; and
 - Unrealistic budget projections or assumptions.
3. The Revised Estimates project an in-year deficit of \$11.5 million. This information is summarized in Table 1.

Table 1 - Comparative Summary of Revenues and Expenses

	2025-2026 Budget Estimates \$	2025-2026 Revised Estimates \$	Increase \$
Revenues	1,244,794,300	1,247,757,800	2,963,500
Expenses	1,244,794,300	1,259,210,200	14,415,900
Deficit	-	(11,452,400)	(11,452,400)

4. Appendices A, B and C provide additional information regarding the changes shown in the Revised Estimates. Comparative information for the prior year is also shown.

Insights and analysis

5. The development of the Revised Estimates included a fiscal credibility assessment. This was an important step given that the 2025-2026 budget approved by the Board of Trustees had followed a series of annual operating deficits, most recently unplanned deficits.
6. There were two major issues with the 2025-2026 Budget. The first was an alignment issue which reflects that budget provisions were not reported in a manner that allowed for a comparison with actual costs. This issue was highlighted during the presentation of the 2024-2025 financial results where it appeared to show excessive savings related to textbooks and school supplies when in reality the approved budget was expected to be used for other purposes. The second area of concern was that a number of provisions were either non-existent or substantially understated.
7. The fiscal credibility assessment was multifaceted and involved:
 - comparing prior year actual results with 2025-2026 budget provisions;
 - providing budget holders an opportunity to review provisions for reasonableness and alignment;
 - updating 2025-2026 budget estimates to reflect appropriate provisions and taking into account evolving circumstances;
 - Accounting for in-year savings due to spending restrictions imposed by the Supervisor, and
 - assessing the reasonability of the Revised Estimates by comparing the amounts with a preliminary year end projection based on actual year to date activity.

Key Considerations

Changes in Enrolment

8. The 2025-2026 Budget was developed using enrolment estimates established in early 2025. Average daily enrolment (ADE) levels have a direct impact on funding and it also affects related instructional expenses. The approved budget projected ADE of 51,012 for elementary and 25,049 for secondary (excluding high credit and adult day school enrolment).
9. Revised elementary ADE for 2025-2025 is 50,144 students which is a decrease of 868 students (1.7%) relative to the approved budget. Secondary day school enrolment ADE was 25,225 students which is an increase of 176 students (0.7%) over the approved budget. The net change relative to the budget estimates was a decrease of 693 ADE. Additional information on enrolment is provided in Section 12.
10. Ministry grants are mainly based on student enrolment and the net decrease in enrolment has resulted in reduced funding. Lower enrolment also requires in-year adjustments to staffing levels which affects projected compensation costs.

Changes in Core Education Funding

11. While the overall decrease in Core Education funding was relatively minor at \$1.3 million as shown in Appendix B, significant internal changes within this grant—primarily driven by fluctuations in enrolment—substantially altered revenue figures. The most effective way to illustrate this impact is by examining the per-pupil allocation of the Classroom Staffing Fund, as it constitutes the largest share of Ministry funding.
12. The Revised Estimates show a net decrease in expected revenue, as detailed in Table 2, which outlines enrolment and funding by panel. A significant enrolment decline at the elementary level has led to a projected revenue loss of \$5.6 million. This loss is mitigated by an anticipated \$1.0 million in additional funding for secondary students.

Table 2 - Enrolment and Funding by Panel

	2025-2026 Estimates		2025-2026 Revised Estimates		Change from Estimates	
	ADE	Funding \$	ADE	Funding \$	ADE	Funding \$
Elem	51,012	296,987,500	50,144	291,430,100	(868)	(5,557,400)
Sec	25,049	144,697,100	25,225	145,710,700	175	1,013,600
Total	76,061	441,684,600	75,369	437,140,800	(693)	(4,543,800)

13. More than half of the Ministry funding is enrolment-based and, accordingly, the net lower enrolment affects other allocations including those in the Special Education, School Facilities, and Learning Resources funds.
14. The Revised Estimates benefit from an additional \$1.9 million in funding, generated through the declining enrolment allocation. This allocation is crucial as it assists school boards in adapting their cost structures to reflect decreasing student numbers, acknowledging that certain costs require proper planning to be reduced. Consequently, this grant helps to offset some of the net revenue losses detailed in the Revised Estimates.

Other Revenue Adjustments

15. As can be seen in Appendix B - Comparative Revenues Summary, a number of revenue lines were updated during the preparation of the Revised Estimates. Many of these adjustments were relatively small and reflect a more conservative approach to revenue forecasting. The more notable changes are:
 - a predictable \$900,000 reduction in projected investment income which reflects lower cash balances being available for investment;
 - a \$600,000 reduction in miscellaneous revenues which is more in line with last year's results;
 - a realignment of \$3.7 million from miscellaneous revenues which relate to a funding provision for student transit passes. The Ministry is now funding this through Core Education funding; and
 - a \$200,000 increase in Community Use of School (CUS) revenues to align with prior year actuals.

Teacher Compensation Adjustments

16. As previously noted, lower enrolment affects the number of teachers required to meet Ministry class size ratios. While small enrolment adjustments may not result in material changes, the loss of 868 elementary students was sufficiently large that it has resulted in fewer elementary classroom teachers.
17. The Revised Estimates show a \$11.1 million decrease in teacher costs relative to the original budget. Much of this decrease is attributable to having 77 FTE fewer classroom teachers based on lower enrolment. Other smaller adjustments are also included in this cost reduction including for refinements in statutory benefit cost estimates and the updating of amounts for department head responsibility allowances as provided for under collective agreements.

Staff Replacement Costs

18. Staff replacement costs continue to impose a burden on the District's finances. Occasional Teachers (OTs) provide coverage when teachers are absent due to personal illness, illness in the family and to attend medical appointments. In addition, OTs provide coverage when teachers are attending certain student support activities on a school day. The District forecasts costs of \$36 million for 2025-2026, which is \$1.9 million more than budgeted.
19. Similar costs are incurred in other student-focused positions including educational assistants (EAs). The provisions to meet these needs were substantially underestimated and, accordingly, the Revised Estimates show a total budget of \$64.1 million, which is a \$4.7 million increase relative to the original budget of \$59.4 million. By comparison, actual EA costs reported in 2024-2025 totalled \$63.2 million. EA staff replacement is currently reported on the EA line in Appendix C, but the budget provisions and actual amounts will be recategorized to staff replacement in accordance with Ministry reporting requirements.
20. Although the use of OTs and casual EAs has a financial impact, the effect on student learning is also a primary concern. Accordingly, these needs will be regularly monitored as will the continued promotion of a healthy workplace that fosters employee well-being.

Textbooks, Supplies and Computers

21. The District reports the costs of student learning materials as well as student-focused activities and services under the category of textbooks and supplies. A commitment was made following the review of the prior year's financial results which clearly showed a disconnect between the reporting of budget provisions and the alignment of actual costs. In 2024-2025, the approved budget was \$36 million as compared to actual spending of \$23.2 million. This budgeting error has been corrected in the Revised Estimates.
22. The Revised Estimates anticipate total spending of \$25.2 million, which is a \$5.3 million decrease from the approved \$30.5 million budget provision shown in the 2025-2026 Budget. This apparent reduction in student-focused investments is not a true cut but rather a result of improved budget alignment with anticipated costs. The funds have been appropriately reallocated to other operational areas, including staff replacement, professional development, and coordinator and consultant roles, consistent with the originally planned use.

Board Administration

23. Board administration costs are central department costs that are incurred to support activities throughout the District. These costs represent the services provided by departments such as Employee Services, Finance, Planning, Legal, Governance and Business and Learning Technologies. In total, these costs are expected to be \$1.4

million more than budgeted. The increase includes \$838,100 to cover unbudgeted bank service fees and interest allocations.

School Operations and Maintenance

24. The District receives funding to address the costs of operating school facilities. Typical costs include heating, lighting, supplies, snow removal and grass cutting, facility supplies, and cleaning and maintenance services. Funding is based on enrolment rather than the number, age and size of the facilities to be maintained. This approach means that no funding is received for closed schools and that schools that run at less than full capacity are effectively underfunded relative to normal operating costs.
25. The Revised Estimates project that \$119.5 million will be spent on maintaining OCDSB schools as compared to the \$110.7 million originally budgeted - a \$8.8 million increase. The credibility assessment confirmed that there were insufficient provisions for (1) custodial and overtime costs, (2) the cost of property maintenance (snowplowing, grass cutting, systems monitoring, cleaning supplies), and (3) escalating utility costs. A reduction in the number of portable relocations is expected this year and, accordingly, this cost item has been reduced. Table 3 summarizes the costs by category and expands upon the information presented in Appendix C.

Table 3 - Comparative Summary of Revenues and Expenses - Facilities

	2025-2026 Budget Estimates \$	2025-2026 Revised Estimates \$	Increase (Decrease) \$
Compensation	68,493,800	70,527,600	2,033,800
Supplies, Services	19,536,500	24,324,600	4,788,100
Utilities	19,643,000	22,407,300	2,764,300
Portable Relocations	3,000,000	2,200,000	(800,000)
Total	110,673,300	119,459,500	8,786,200

School Renewal Costs

26. School renewal costs are expenses incurred to repair and renovate schools. The costs may be operating in nature meaning that they are intended to maintain the facility in a usable condition or they may be capital in that the investment will benefit the facility over an extended time period. Patching a leak in a roof is an example of an operating repair

while fully replacing the roof is treated as a capital cost given that the benefits are received over many years.

The Ministry provides specific funding for this purpose, but it also limits how much of the funding can be used to support operating expenses. The funding that can be directed to support operating repairs was set at \$5.1 million in 2014-2015 with no further adjustments being made to this amount in subsequent years. The District anticipates school renewal operating costs of \$5.8 million, which means that \$712,700 is expected to be supported using general Core Education funding. This cost is reported under Pupil Accommodation in Appendix C (row 71).

Deferred Capital Contributions and Amortization Expenses

27. Funding received for the purpose of acquiring or developing a depreciable tangible capital asset is termed a deferred capital contribution (DCC). Such contributions are recognized as revenue at the same rate as the related tangible capital asset is amortized. Straight-line amortization is based on the remaining service life of the asset.
28. In addition to the contributions discussed above, certain capital projects are supported internally through the use of the District's accumulated surplus. Internally supported tangible capital assets are amortized into expense in the same manner as those supported by contributions from others, but there is no related revenue.
29. Various capital projects were completed and a variety of capital assets acquired since the preparation of the 2025-2026 Estimates. In addition, adjustments to incorporate prior year actual results are reflected. These items increase the net value of the tangible capital assets managed by the District. In accordance with accounting requirements, the amortization of an asset's value commences immediately upon completion of the capital project. This has a direct impact on both revenues and expenses.
30. The amortization costs reported in Appendix C (rows 72, 73, 75) is \$98.2 million in expenses which is supported by \$97.3 million in revenues as shown on Appendix B (row 9.1). These amounts are both roughly \$6.4 million more than budgeted.

Secondments

31. A secondment is an arrangement where an employee is assigned to another organization for a specific period of time. There are a number of such arrangements and the employee remains employed by the District while they perform duties at the host organization. These arrangements generally relate to bargaining unit representatives and for teaching and support staff released to other organizations for education-related assignments. Costs are reimbursed by the host organization and these amounts are reported as revenue. The Revised Estimates forecast revenues of \$6.8 million as compared to expenses of \$7.1 million. It should be noted that cost reimbursements are

restricted under a number of collective agreements and this results in revenues being less than the costs incurred.

32. Secondment agreements occur throughout the year and this results in variances in both costs and revenues. The 2025-2026 Revised Estimates show reduced compensation costs of \$3.2 million (Appendix C) and correspondingly lower revenues of \$3.0 million (Appendix B). The majority of the in-year secondment adjustments relate to educational assistants that were expected to be employed under Jordan's Principle agreements with the Government of Canada. The qualifying rules for these agreements were tightened and substantially fewer staff could be employed under this program.

Extended Day and Early Learning Programs

33. The Extended Day Program (EDP) and Early Learning Centres (ELC) complement core day instruction. The EDP program provides childcare services for enrolled students while the ELC provides toddler care for pre-kindergarten children. Funding is provided by a combination of user fees and subsidies received from the City of Ottawa which includes Canada-wide Early Learning and Child Care (CWELCC) system funding.

Revenues and expenses have been updated to reflect enrolment changes, funding eligibility and mandatory staffing levels. The Revised Estimates show that revenues have increased by \$2.0 million while expenses increased by \$1.2 million.

Net program revenue before internal cost transfers show a surplus of \$3.1 million. However, cost transfers for use of school facilities and for administrative support can be expected to reduce this net position closer to a breakeven point.

Finance staff will be working with the Ministry to determine how best to report these internal transfers given the recent changes in cost eligibility under the CWELCC system.

Accumulated Surplus

34. Sound financial planning relies on establishing a reasonable accumulated surplus, which is defined as the total excess of revenues over expenses built up over time. While the Education Act permits the Board to utilize this accumulated surplus to balance its operating budget, the amount used in any school year is limited to 1% of the operating grants received from the Ministry. Critically, an accumulated surplus provides a necessary financial cushion against unforeseen cost pressures or in-year shortfalls in revenue. Any additional use should be limited to one-time or limited-duration investments.
35. A series of operating deficits in recent years, both planned and unplanned, has eroded the accumulated surplus position. The balance available at the end of 2021-2022 was \$29.7 million, but the most recent forecast of 2025-26 operating results projects another

unplanned deficit of \$11.5 million that, if realized, will further deteriorate the OCDSB financial position.

36. Table 4 presents a comparative summary of the accumulated financial position by year for compliance purposes. It expands the information presented in Appendix A and separates the deficit into two components: unrestricted (the amount can be used by the OCDSB to balance the budget within thresholds established by the Ministry) and restricted (cannot be used to balance the budget because the amounts are reserved to support capital amortization costs).

37. The table shows the continued reduction of unrestricted amounts over the years. The projected unrestricted portion of the accumulated deficit at the end of 2025-2026 is \$21.2 million. The District must not only eliminate the unrestricted accumulated deficit, but it must grow this amount to roughly 3% of the annual operating allocation. An ideal unrestricted accumulated surplus target would be in the range of \$35 million to \$40 million.

38. Table 4 - Accumulated Surplus (Deficit) by Category (\$ in millions)

	2021-2022 Actual	2022-2023 Actual	2023-2024 Actual	2024-2025 Actual	2025-2026 Projected
	\$	\$	\$	\$	\$
Unrestricted	17.9	5.8	(5.9)	(12.1)	(21.2)
Restricted	11.8	14.6	13.9	14.6	12.1
Total	29.7	20.4	8.1	2.5	(9.1)

Other considerations

39. The analysis of the 2025-2026 Revised Estimates shows that an \$11.5 million deficit should be expected during the year even after in-year spending restrictions have been imposed.

40. In addition, a review of the budgeting process continues. A key objective of the review is to ensure that budget provisions are aligned with anticipated spending patterns which will provide more transparency about budget variances and to ensure realistic budget provisions are presented in the coming years.

41. Underlying the development of the 2026-2027 budget is an important initiative to transform how the District operates to better serve students. The initiative is called the Student Focused Resource Optimization Project (SFROP). This strategic project launched in December 2025 with the goal of maximizing investments in student

achievement and well-being, while ensuring the long-term financial health and stability of the OCDSB. Additional information regarding the upcoming budget cycle is presented in Executive Report 26-003, 2026-2027 Budget Process.

Appendices

- A. [Summary of Revenues and Expenses](#)
- B. [Comparative Revenues Summary](#)
- C. [Comparative Expenses Summary](#)