OTTAWA-CARLETON DISTRICT SCHOOL BOARD

Executive Report

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Summary

1. The Ottawa-Carleton District School Board (OCDSB) was placed under supervision by the Ministry of Education in June 2025. Supervision means that the board governance and financial oversight are assumed by the Ministry of Education and facilitated by an individual appointed to be the Board Supervisor. This action followed a Ministry investigation that concluded the District had experienced financial mismanagement through a series of deficits, the deterioration of reserves and no plan to restore financial stability.

2. The Board is obligated to approve a budget by June 30, 2026.

Recommendation

3. None.

Insights and analysis

4. In accordance with the Education Act, the Board must prepare a budget before the start of each fiscal year (September 1 to August 31). This budget details the District's resource allocation to address the needs of students and the wider school community. After approval, the final budget is submitted to the Ministry and made available on the District's website.

5. 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.

6. As noted in the Board Supervisor's message to parents on February 2, 2026, the initiative moves well beyond simple budget trimming with an overarching goal of ensuring that every dollar and service directly supports the classroom. To build a budget that meets this goal, staff are evaluating all District resources and structures to gauge their impact on student achievement and well-being. Through this process, board administration will be streamlined to remain firmly student-focused.

7. Changes in revenues and costs as a result of these efforts will be reflected in the recommended budget.

Budget Development Considerations

8. In addition to the SFROP initiative, there are other important considerations that will impact both the timing and amounts to be reflected in the recommended budget. The following are the primary considerations.

Timing of Ministry Funding Announcements

9. The Ministry's practice of confirming changes to funding benchmarks and program expectations in April or May creates a planning challenge since academic staffing levels are set by the end of March due to contractual obligations.

Mandatory versus Discretionary Expenses

10. Budget planning for 2026-2027 fiscal year is currently underway. To ensure proper context, it is necessary to clarify the extent of financial resources over which staff and the Board Supervisor hold specific decision-making power. Costs are broadly categorized into two groups.

    The first category relates to mandatory spending that is primarily tied to provincial regulation and funding agreements. For instance, the Ministry has established class size ratios that affect staffing levels. To meet class size requirements, the District must employ a sufficient number of teaching staff as influenced by both regulation and collective agreements. The staffing ratios may also apply to other staff such as early childhood educators that support kindergarten students. Other expenses are also tied to restrictions imposed by requirements of funding agreements and contractual obligations.

    The second group of expenditures covers what is considered to be discretionary costs, Although there is some flexibility in the exact amount of resources applied to this area,

these costs are incurred to ensure regulatory compliance, promote student achievement and facilitate effective functioning of myriad needs commonly found in a large organization. Failing to incur these costs may negatively impact student achievement and well-being or create a risk in meeting core obligations and expectations. This category encompasses costs such as student transportation, maintenance and cleaning services, school-based personnel (principals, vice-principals, and office staff), central office administration, and professional and para-professional staff. Additionally, it includes funding for supplies and services, such as learning resources, computer infrastructure, facility operations and staff development.

The SFROP is a key step in maximizing the investments in classrooms while balancing other needs.

Enrolment Projections

11. Enrolment is the primary driver that determines the funding that school boards receive to meet the needs of students and the school community. The majority of the funding is based on average daily enrolment in day school programs. Enrolment growth provides additional flexibility in responding to funding changes and service demands while declining enrolment reduces this flexibility and creates a need to reduce expenses to offset the lost revenue.

12. Enrolment projections are prepared by Planning Department staff based on current student volumes and modified to reflect external factors such as federal immigration policies, interprovincial migration and current census data. Preliminary projections for the years 2026-2027 through 2029-2030 show a steady decline in enrolment and this trend is consistent with the experience of many other Ontario school boards.

13. Table 1 shows average daily enrolment for the past three years as well as the enrolment decrease relative to the 2025-2026 Approved Budget. The variance is 1% or less in each year but the decrease has a material effect on in-year revenues. A revised projection for the coming year will be available in mid-March.

Table 1 - Day School Enrolment

	2023-2024	2024-2025	2025-2026
Elementary Actual	51,229.27	50,831.3	50,144.50
Secondary Actual	24,653.63	25,003.47	25,224.62
Actual / Projected	75,882.90	75,834.77	75,369.12
Approved Budget	76,752.96	76,574.45	76,061.64
Decrease Relative to the Approved	*870.06*	*739.68*	*692.52*

Budget			

Inflationary pressures on supplies and services

14. Approximately 12% of the District's operating expenditures are allocated to supplies and services. While these costs are often considered discretionary, they are essential for maintaining safe learning environments and addressing requirements common to all school boards. Examples of such expenditures include staff professional development, utility expenses, software licensing fees, grass cutting and snow removal, consumable learning resources, facility supplies and audit fees. All of these costs are subject to inflationary pressures.

15. In previous budget cycles, adjustments to reflect inflationary costs were generally limited. The underlying assumption was that such pressures could be absorbed within existing budget allocations or offset by revenue increases. While managing certain pressures internally may be feasible, it is critical to formally incorporate inflationary costs into standard planning processes. This is particularly important for unavoidable expenditures such as utility costs and other significant budget line items such as cleaning supplies and software license fees.

Compensation Adjustments

16. Most employees at the OCDSB are members of Elementary Teachers Federation of Ontario (ETFO), Ontario Secondary School Teachers Federation (OSSTF) or OSSTF Education Workers. The three-year agreements for the various bargaining units represented by the respective federation expire August 31, 2026. The settlement of new agreements will likely occur well after the start of the new school year and, unless otherwise directed by the Ministry, compensation-based cost adjustments for these groups will be restricted to only statutory obligations (e.g., CPP, EI, WSIB, OMERS). Cost adjustment for non-unionized staff will be treated in a similar manner.

17. The terms and conditions of employment for principals and vice-principals covers the period September 1, 2023 to August 31, 2027. Compensation adjustments reflecting a 1.25% cost of living increase will be included in the budget.

Current Financial Position

18. 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.

19. 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 that, if realized, will further deteriorate the OCDSB financial position.

20. Table 2 presents a comparative summary of the accumulated financial position by year for compliance purposes. It 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).

21. 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.

Table 2 - 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)

Multiyear Budget Projections

22. The Board Supervisor has requested that staff prepare a high-level, multi-year budget plan which will complement the annual budget. The intent is to consider a three year horizon that would account for changes in enrolment, incorporate cyclical costs which may occur in one year but avoided in another year, and provide opportunities to incorporate strategies that will assist with improving the Board's financial position. Staff recognizes that this will involve making a number of assumptions, including those regarding the continuity of education funding levels and the expectation that compensation increases will be fully supported.

Public Consultation

23. The Board supervisor is committed to engaging with students, parents, staff and the broader school community throughout the budget process. In addition to regular input received from the Board's Parent Involvement and Special Education Advisory committees, the engage.OCDSB.ca site provides information on the budget process, presents answers to frequently asked questions, and provides opportunities to submit comments and questions. The website will be updated throughout the budget process. Questions received will be summarized and responses will be provided in a monthly update using a Budget Question and Answer document.

24. Another initiative that is currently under development is a questionnaire that uses an engagement tool, possibly Thought Exchange. This tool will allow individuals to provide comments and to possibly rate comments submitted by others. More information on this initiative will be available in the coming weeks.

Budget Development Schedule

25. The budget development timeline is significantly influenced by the timing of Ministry funding announcements. Confirmation of the level of funding is critical to ensure that resources available to meet student needs are fully employed and that a budget is developed in compliance with statutory requirements. Given this fact, the timing of budget development activities may be advanced or delayed. The following key dates have been identified.

Budget Report presented to Audit Committee	March 2
Confirmation of Academic Staffing Needs	March 31
Announcement of Core Education Funding	April 30 (estimated)
Determination of OCDSB Revenue from Core Education Grants	May 15
Draft of the 2026-27 Budget Released	June 1
Approval of the 2026-27 Budget	Jun 30

Other considerations

None.