

**Ministry of Education**

Financial Analysis and  
Accountability Branch

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**Ministère de l'Éducation**

Direction de l'analyse et de  
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**2022: SB07**

**Date:** March 16, 2022

**Memorandum to:** Senior Business Officials  
Secretary-Treasurers of School Authorities

**From:** Med Ahmadoun  
Director  
Financial Analysis and Accountability Branch

**Subject:** **Amendments to Grants for Student Needs and Related Regulations**

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I am writing to inform you that the following regulations have been amended:

- Ontario Regulation 280/19 (Calculation of Maximum In-Year Deficit)
- Ontario Regulation 488/10 (Determination of Boards' Surpluses and Deficits)
- Ontario Regulation 616/21 (Grants for Student Needs – Legislative Grants for the 2021-2022 School Board Fiscal Year)
- Ontario Regulation 617/21 (Calculation of Fees for Pupils for the 2021-2022 School Board Fiscal Year)

***BALANCED BUDGET REQUIREMENTS AND ALLOWABLE IN-YEAR DEFICIT THRESHOLD***

In memorandum 2021:SB08 and 2021:SB16, the ministry announced proposed changes to allow district school boards and isolate board school authorities to access their accumulated surpluses in excess of previously allowed limits. These changes were confirmed in the Fall/Winter 2021-22 COVID-19: Health and Safety Update for Schools memorandum. The amendments to O. Reg. 280/19 provide legal authority for school boards to have greater access

to their accumulated surpluses without first obtaining the Minister's approval. The key updates are:

- for the 2021-22 fiscal year only, changing the in-year deficit threshold not requiring Minister's approval from the lower of one per cent of school boards' operating allocation and accumulated surplus balance from the preceding fiscal year to the lower of two per cent of school boards' operating allocation and the accumulated surplus balance from the preceding fiscal year, if the additional deficit is incurred for reasons relating to COVID-19; and
- removing the In-Year Deficit Elimination Plan requirement for the 2021-22 school year.

School boards would be required to seek the Minister's approval where they are planning to incur:

- an in-year deficit that is greater than one per cent of their operating allocation for reasons unrelated to COVID-19; or
- an in-year deficit that would be greater than two per cent of their operating allocation.

Approval would be considered on a case-by-case basis and will be based on several factors such as the nature of the deficit, the pressing need for such expenses, as well as the overall financial implications of the deficit to the school board.

### ***REGULATORY AMENDMENTS TO EXEMPT ACCOUNTING ADJUSTMENTS***

Also in 2021:SB08 and 2021:SB16, the ministry announced proposed changes to exempt three accounting adjustments related to employee future benefits, committed capital and sinking fund interest earned from the calculation of in-year deficit for compliance purposes. These accounting adjustments have now been removed from the calculation of in-year deficit under O. Reg. 488/10. Accordingly, these three accounting adjustments will no longer count towards the school boards' calculation of the in-year deficit and the previous exemption under Ontario Regulation 280/19 has been removed.

### ***SPECIAL INCIDENCE PORTION (SIP) FUNDING CHANGED TO A FORMULA-BASED ALLOCATION FOR THE 2021-22 SCHOOL YEAR***

Further to the Special Incidence Portion Funding Changes for 2021-22 memorandum from Assistant Deputy Minister Clayton La Touche on November 15, 2021 regarding the SIP process for 2021-22, this is to confirm that changes have been made to O. Reg. 616/21. SIP funding will be allocated based on each school board's 2020-21 SIP amounts, plus a five percent increase. This approach is similar to the approach used in 2020-21 school year, and it will reduce the administrative burden placed on school boards by the SIP claims process and provide school boards with greater operational flexibility.

## **CONTINUITY OF FUNDING & FEES FOR THE 2022-23 SCHOOL YEAR**

Amendments have been made to O. Reg. 616/21 and O. Reg. 617/21 to include provisions that allow the ministry to continue to flow funding to school boards for the 2022-23 school year, and for school boards to charge fees to fee paying students for the 2022-23 school year, in the event that new regulations governing funding and fees for the 2022-23 school year are not in place by September 1, 2022.

The ministry recognizes the importance of releasing the 2022-23 GSN in a timely manner so that school boards have all the necessary financial information to prepare and plan their budgets. Details of the 2022-23 GSN and related regulations will be available at the time of release.

If you require further information, please contact:

	<b>Name</b>	<b>Telephone</b>	<b>Email</b>
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Sincerely,

*Original signed by*

Med Ahmadoun  
Director  
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