

# TORONTO CATHOLIC DISTRICT SCHOOL BOARD SPECIAL BOARD MEETING Public Session

## AGENDA NOVEMBER 28, 2019

**Maria Rizzo, Chair**  
Trustee Ward 5

**Michael Del Grande, Vice Chair**  
Trustee Ward 7

**Nancy Crawford**  
Trustee Ward 12

**Frank D'Amico**  
Trustee Ward 6

**Markus de Domenico**  
Trustee Ward 2

**Daniel Di Giorgio**  
Trustee Ward 10

**Taylor Dallin**  
Student Trustee

**Norman Di Pasquale**  
Trustee Ward 9

**Angela Kennedy**  
Trustee Ward 11

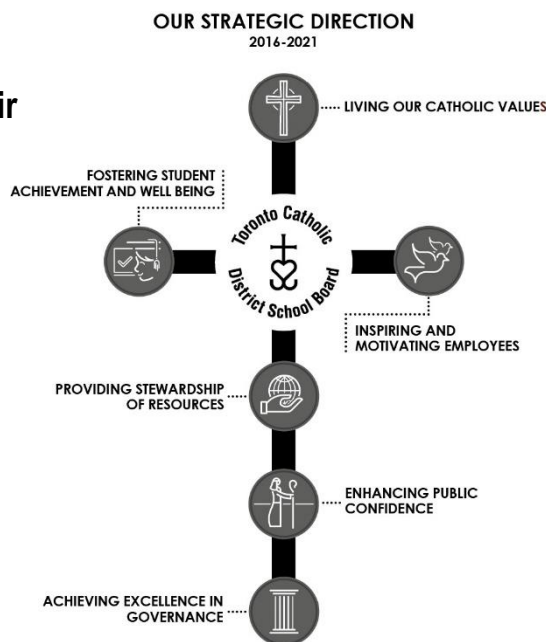
**Ida Li Preti**  
Trustee Ward 3

**Teresa Lubinski**  
Trustee Ward 4

**Joseph Martino**  
Trustee Ward 1

**Garry Tanuan**  
Trustee Ward 8

**Kathy Nguyen**  
Student Trustee



### MISSION

*The Toronto Catholic District School Board is an inclusive learning community uniting home, parish and school and rooted in the love of Christ.  
We educate students to grow in grace and knowledge to lead lives of faith, hope and charity.*

### VISION

*At Toronto Catholic we transform the world through witness, faith, innovation and action.*

**Recording Secretary: Sophia Harris, 416-222-8282 Ext. 2293**  
**Assistant Recording Secretary: Skeeter Hinds-Barnett, 416-222-8282 Ext. 2298**

**Rory McGuckin**  
Director of Education

**Maria Rizzo**  
Chair of the Board

## OUR MISSION

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## OUR VISION

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through witness, faith, innovation and action.*



# REVISED AGENDA SPECIAL MEETING OF THE TORONTO CATHOLIC DISTRICT SCHOOL BOARD PUBLIC SESSION

**Maria Rizzo, Chair**

**Michael Del Grande, Vice-Chair**

Thursday, November 28, 2019

6:00 P.M.

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Pages

1. Call to Order
2. Memorials and Opening Prayer
3. Singing of O Canada A Capella
4. Roll Call & Apologies
5. Approval of the Agenda
6. Reports from Private Session
7. Notices of Motions
8. Declarations of Interest
9. Approval and Signing of Minutes of the Previous Meetings - Nil
10. Presentations
11. Delegations
12. Consideration of Motions for which previous notice has been given

13. Unfinished Business from Previous Meetings
14. Matters referred/deferred from Committees/Board
15. Reports For Information
16. Reports of Officials Requiring Action of the Board of Trustees
  - 16.a Annual Renewal of Long Term Disability Plan – Final Recommendation
17. Reports from External Committees / Organizations
18. Listing of Communications
19. Inquiries and Miscellaneous
20. Updating of Pending Items List
21. Closing Prayer
22. Adjournment

1 - 10



REPORT TO

SPECIAL BOARD

## ANNUAL RENEWAL OF LONG TERM DISABILITY PLAN – FINAL RECOMMENDATION

*“Listen to advice and accept discipline, and at the end you will be counted among the wise. Many are the plans in a person’s heart, but it is the LORD’s purpose that prevails.”*

Proverbs 19:20-21

Created, Draft	First Tabling	Review
November 26, 2019	November 28, 2019	<a href="#">Click here to enter a date</a>
A. Della Mora, Executive Superintendent of Human Resources P. De Cock, Comptroller of Business Services & Finance B. Stavropoulos, Senior Coordinator of Benefits & Compensation		
<b>RECOMMENDATION REPORT</b>		

**Vision:**

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**Mission:**

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*We educate students to grow in grace and knowledge to lead lives of faith, hope and charity.*



Rory McGuckin  
Director of Education

D. Koenig  
Associate Director  
of Academic Affairs

L. Noronha  
Associate Director of Facilities,  
Business and Community  
Development, and  
Chief Financial Officer

## **A. EXECUTIVE SUMMARY**

The TCDSB and employee groups (CUPE and ETFO) co-share the costs associated with the Long Term Disability (LTD) Benefit Plan. The current LTD benefit plan expired on August 31, 2019, and was extended for three months until November 30, 2019. The extension provided additional time for the due consideration of any required changes to the plan and rates and allowed the board time to conduct a fulsome consultation with union partners while addressing labour disruption activities.

This report provides additional information that responds to Trustee inquiries relating to the original report tabled at the November 21, 2019, Regular Board meeting. Trustees will consider the options contained in the report and either support the recommendation to approve the renewal of the current LTD benefit coverage for the 2019-20 fiscal year or support an alternative option.

*The cumulative staff time required to prepare this report was 10 hours.*

## **B. PURPOSE**

1. This Recommendation Report responds to the following Trustee motion arising out of the November 21, 2019, Regular Board meeting:

*“That staff request an extension, without penalty, to meet the deadline; otherwise that a special Board meeting be called.”*

2. In order to secure the Education Workers of Ontario (EWO) discounted rate (2018 rate less 5%), termination of the existing LTD plan and movement into the EWO program is required by November 30, 2019, which coincides with the expiration of the three-month extension. A delayed decision regarding the EWO plan to January 1, 2020, will result in an unfavourable change in EWO starting premium levels (+19.6% to 2018 rates, less 5%)

The renewal of the existing GWL plan at the referenced rate (retroactive increase of 19.6% effective September 1, 2019) remains an option until December 31, 2019.

## **C. BACKGROUND**

1. The current LTD benefit plan is renewed on an annual basis and operates on a stand-alone refund basis for the Toronto Catholic District School Board (TCDSB).
2. A report entitled Annual Renewal of Long Term Disability Plan was tabled at the November 21, 2019, Regular Board Meeting. The report outlined HR staff's consultation with CUPE union executives and provided recommendations based on our consultant's (Mercer) expert opinion.
3. Trustee inquiries about the plan were the impetus for this report. The report endeavors to provide answers to Trustee questions that must inform a timely final recommendation.

## **D. EVIDENCE/RESEARCH/ANALYSIS**

1. Extensive research by Human Resources and Business Services staff, in consultation with actuarial experts at Mercer, facilitated the required pro/con analysis of all plan options. This analysis was presented to Trustees in the previous report, and Appendix A provides a summary of staff responses to Trustee questions that emerged from that meeting.
2. The risks associated with the EWO LTD Benefit plan include the following:

The EWO LTD Benefit plan premiums are only guaranteed until September 1, 2021. Given the infancy of the EWO plan, little is known about the method for rating beyond the rate guarantee period. It is prudent for both the Board and the union to acknowledge the related risk exposure noted by Mercer as the attractive initial EWO rate will likely be subject to significant increases at the EWO plan first renewal (September 1, 2021). This is required to bring it more in line with the Great West Life manual rate for the TCDSB group in an effort to share the risk amongst the participating Boards in a fair and consistent manner;

- The current TCDSB LTD Benefit plan operates on a refund basis and maintains the LTD Benefit plan in compliance with existing collective agreements;

- It is unclear what control the TCDSB will be surrendering under the EWO plan. Respectful of the Board's 75% co-pay, it is advisable to seek additional detail in this regard if the plan is implemented.
3. The benefits associated with renewing the existing Long Term Disability Benefit Plan include the following:
- Maintenance of goodwill with the LTD provider while reviewing LTD case management;
  - Support a long-term premium increase aversion strategy, which is mutually beneficial to the TCDSB and CUPE.
  - Refund format linked to usage.
  - TCDSB maintains control over plan maintenance;
  - TCDSB can observe EWO plan implementation and continue to actively pursue other market options respectful of the limited size of the Canadian Insurance marketplace.
4. Notwithstanding staff's recommendation, should the Board wish to move to the EWO plan then the following motion could be moved by a Trustee in place of the staff recommendation:
- That the existing Long Term Disability Benefit Plan be terminated and the TCDSB enter into the EWO pooled risk plan with Great-West Life prior to December 1, 2019.*
5. It should be noted that if no alternative is chosen by the Board then staff will interpret this action as delegated authority being provided to the Director given that a Long Term Disability Plan must be in place from an operational and legal perspective.

## **E. METRICS AND ACCOUNTABILITY**

1. The LTD Benefit Plan's actual usage experience and premiums are reviewed on an annual basis as part of the contract renewal process.
2. As per the regulations appearing in the TCDSB Purchasing Policy FP.01, an annual procurement award report to the Board of Trustees is required.

## **F. STAFF RECOMMENDATION**

That the Board of Trustees approves the annual renewal of the existing Long Term Disability Benefit Plan on a stand-alone refund basis at the projected cost of \$5,062,700 (75% TCDSB/25% Union co-pay format) for the 2019-20 fiscal year.



**Additional information to inform approval of Annual Renewal Of Long Term Disability Plan Report**

<b>Information Requested</b>	<b>Staff Clarification</b>
<p>Has the practice of renewing the LTD policy changed?</p>	<p>Past practice: annual renewal finalized in August of each year, and CUPE/ETFO received notice of new rates. No consultation or union approval was required.</p> <p>This year’s renewal process was unique due to two reasons:</p> <ol style="list-style-type: none"> <li>1) New requirement for Board approval of contracts renewing over \$50,000</li> <li>2) The decision posed to the Board of moving to the EWO plan</li> </ol> <p>This resulted in union consultation and a Board report holding back the renewal. The process was further delayed by CUPE labour action.</p>
<p>Can HR staff provide information regarding CUPE LTD plan utilization rates for the last three years?</p>	<p><b>MERCER - The LTD plan is rated as a whole, and divisional renewal experience is not currently available.</b></p>
<p>Can HR staff provide a trend analysis of CUPE LTD premium percentage increase/decrease over the last several years with our current carrier? What factors account for the significant swings in this data?</p>	<p><b>MERCER – Appendix B provides a 7-year renewal rate summary, which reflects the plan’s experience.</b></p>
<p>Has HR staff asked Mercer (actuarial consultant) to forecast (given current information) the impact on premiums over the next five years if we were to transition into the EWO plan?</p>	<p>We know that the TCDSB will experience a 5% decrease in premiums applied to the next two years. As of September 1, 2021, we have no clarity around what the new rate will look like. We can anticipate that it will be impacted by:</p> <ul style="list-style-type: none"> <li>- Pooled experience of the participating Boards</li> </ul>

**APPENDIX A**

	<p style="text-align: center;">- Actuarial methods to share risk within the EWO plan</p> <p>We have cautioned the Board (as per Mercer’s advice) that there is a significant longer-term risk for EWO to raise premiums given our current premium, which is set well below our manual rate of 70%.</p>
<p>How can EWO offer a 5% premium decrease while GWL is offering a 19.6% premium increase?</p>	<p><b>MERCER - The +19% (effective Sept 1, 2019 - note, it is higher than +19% when implemented on Dec 1st or Jan 1st), is based on a revised breakeven of the TCDSB plan for next year (based on the prior 5 years of experience) plus appropriate adjustments. As discussed at the November 21, 2019 Regular Board meeting, the calculated position of this renewal from GWL is +35.6%. Mercer was successful in negotiating this down to +19.6% (effective Sept 1, 2019). GWL did not provide Mercer with information on how the initial rates were struck for the EWO Plan, nor did GWL respond to our questions on how further rating for the TCDSB would be handled. This future rating lies at the root of our concern as the TCDSB current (and renewal) rates are well below GWL's manual rate for this group, while we suspect the other Boards considering the EWO Plan have current rates that are likely much closer to manual.</b></p>
<p>Can HR staff provide a summary of the impact on employee monthly premiums linked to an immediate 5% decrease and a possible 19.6% increase?</p>	<p>On average, when taking into consideration all 23 CUPE employee groups, the immediate 5% decrease would result in a \$ 1.80 decrease in monthly premiums for the average worker. The 19.6% increase would result in a \$ 6.90 increase in monthly premium for the average worker.</p>

APPENDIX A

<p>What additional details can HR staff provide about the opportunity costs associated with signing on with the EWO plan and withdrawing from it at the end of the two-year rate guarantee period?</p> <p>Should we transition to the EWO plan, following the two years of reduced premium, we could potentially market our plan if needed to obtain alternate quotes. Would there be any issues with resuming a refund accounting arrangement? How willing would GWL or other carriers be to take this on?</p>	<p><b>MERCER - See our comments below with regards to moving to the EWO Plan and then leaving it again on Sept 1, 2021. Most insurers do not react well to this behaviour and it may lead to an inability to move back to Refund arrangement (therefore higher expenses) or higher Risk charges if the insurer is willing to proceed with a refund arrangement.</b></p> <p><b>MERCER - If you move to the EWO Plan, you become part of a different policy that covers all of the boards participating in the EWO Plan. So when you say market "our" plan, you would be marketing the EWO Plan as a whole (assuming whoever is managing the plan at that time decides to take this action) as the TCDSB plan no longer exists once you move to the EWO Plan (i.e., you either renew your current plan or terminate it and move to the EWO Plan). Not sure if a change in underwriting is doable for TCDSB at the end of the rate guarantee (Sept 1, 2021 - not two years) under the EWO Plan. If you are thinking of breaking out of the EWO Plan after the guarantee period, and returning to a standalone plan, while we believe the insurance market would likely be interested in quoting on TCDSB's standalone LTD business, your actions of the past five years need to be outlined to insurers in the marketing. As we said, while insurers will likely show interest, we are not sure how GWL will respond to this.</b></p>
<p>What are the three greatest risks that Mercer has identified associated with joining the EWO plan?</p>	<ul style="list-style-type: none"> <li>• <b>Loss of control (currently TCDSB can make decisions on the</b></li> </ul>

APPENDIX A

	<p>standalone plan without reference to other Boards),</p> <ul style="list-style-type: none"> <li>• <b>Potential future rate increases (it is uncertain how the group will be rated once the guarantee period ends and given the wide gap between what GWL has reported as TCDSB’s manual rate and our current rate, future increases could be significant)</b></li> <li>• <b>Inability to revert to the current arrangements (GWL and other insurers will provide terms on a new standalone plan at the time of quote, but these may be different than what is in place today)</b></li> </ul>
<p>All things considered, why is it advisable to remain with our current provider?</p>	<p><b>There are savings available, at least in the short-term, by moving to the EWO plan. However, these may not outweigh the OUTLINED risks for the Board and its plan members.</b></p>
<p>What strategic options will we have in one year's time? In two years' time?</p>	<p><b>If you join the EWO Plan, it is unclear if TCDSB has any strategic say moving forward as it is not clear how the program will be managed and governed. If we remain under the standalone plan with GWL, we could renew the standalone coverage with GWL for year two. Midway through year one, we could entertain moving to the EWO plan with GWL or take the plan to market on a standalone basis should you wish to do so. Year two options will be contingent on what is done at the end of year one.</b></p>

**Summary of Annual LTD Rate Activity**

**APPENDIX B**

**Long Term Disability Plan**

Renewal History	Sept. 2013	Sept. 2014	Sept. 2015	Sept. 2016	Sept. 2017	Sept. 2018	Sept. 2019
Overall LTD Rate Action	0%	+ 6.5%	+ 30%	+ 23.8%	-0.9%	-2.5%	+ 19.6%