

# TORONTO CATHOLIC DISTRICT SCHOOL BOARD

## SPECIAL MEETING

### PUBLIC SESSION

AGENDA  
FEBRUARY 23, 2015

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

**Nancy Crawford, Vice Chair**  
Trustee Ward 12

**Ann Andrachuk**  
Trustee Ward 2

**Patricia Bottoni**  
Trustee Ward 4

**Frank D'Amico**  
Trustee Ward 6

**Jo-Ann Davis**  
Trustee Ward 9

**Hannah McGroarty**  
Student Trustee

**Angela Kennedy**  
Trustee Ward 11

**Joseph Martino**  
Trustee Ward 1

**Sal Piccininni**  
Trustee Ward 3

**Barbara Poplawski**  
Trustee Ward 10

**Maria Rizzo**  
Trustee Ward 5

**Garry Tanuan**  
Trustee Ward 8

**Christopher MacDonald**  
Student Trustee



#### **MISSION**

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

#### **VISION**

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

**Recording Secretary: Lalita Fernandes 222-8282 extension 2293**

**Angela Gauthier**  
Director of Education

**Michael Del Grande**  
Chair of the Board



**OUR MISSION**

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

**OUR VISION**

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



**SPECIAL MEETING  
OF THE  
TORONTO CATHOLIC DISTRICT SCHOOL BOARD  
PUBLIC SESSION**

**Michael Del Grande, Chair**

**Nancy Crawford, Vice-Chair**

Monday, February 23, 2015

7:00 P.M.

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Pages

1. Memorials and Opening Prayer
2. Roll Call & Apologies
3. Approval of the Agenda
4. Declarations of Interest
5. Presentations
6. Reports Requiring Action
  - 6.a Deficit Recovery Options & Financial Forecast 1 - 6
7. Reports For Information
8. Communications
9. Inquiries and Miscellaneous
10. Adjournment



REPORT TO

SPECIAL BOARD

## DEFICIT RECOVERY OPTIONS & FINANCIAL FORECAST

I can do all things through Him who strengthens me.  
Philippians 4:13

Created, Draft	First Tabling	Review
February 18, 2015	February 23, 2015	
D. De Souza, Coordinator of Revenue, Grants & Ministry Reporting D. Bilenduke, Sr. Coordinator of Finance P. De Cock, Comptroller for Business Services & Finance P. Matthews, General Legal Counsel		
<b>RECOMMENDATION REPORT</b>		

**Vision:**

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

**Mission:**

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



G. Poole  
Associate Director of Academic Affairs

A. Sangiorgio  
Associate Director of Planning and Facilities

Angela Gauthier  
Director of Education

## **A. EXECUTIVE SUMMARY**

This Report presents two options to eliminate the Board's existing accumulated deficit and return to a balanced budget over a three-year period. This Report also explains that there are two financial components to the Board's fiscal position. The Board is addressing its structural deficit of \$16.9 million, in addition to dealing with Ministry of Education funding reductions estimated to be \$26.75 million.

These two financial challenges mean that expenditure reductions will be required in the amount of \$48.75 million under the plan proposed at Appendix "A", or \$58.75 million under the plan proposed at Appendix "B".

## **B. PURPOSE**

1. The financial projections for the current fiscal year and for the following fiscal years ending August 31, 2018 present a three-year deficit recovery plan, as required by the Ministry of Education.
2. The financial projections described in this Report will be used to inform a detailed three-year deficit recovery plan to be developed in consultation with Ministry of Education staff and third-party education finance experts retained by the Ministry.

## **C. BACKGROUND**

1. The Board of Trustees requested that the Director of Education develop a draft deficit recovery plan at the earliest opportunity and report that draft plan to the Board of Trustees.
2. Over the next several months, a detailed financial plan, which will include a reorganization of some education program delivery models and significant expenditure reductions, will be formulated to be approved by the Board of Trustees prior to being submitted to the Ministry of Education.

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

1. Attached at Appendix "A" and Appendix "B" are two different draft plans to eliminate the Board's existing accumulated deficit and return the Board to a

balanced budget by August 31, 2018, and to a budget surplus by August 31, 2019.

2. A structural deficit exists when projected in-year expenditures exceed projected revenues. The only way to eliminate a structural deficit is to increase revenues or reduce expenditures, or both. The Board's revenue is funded almost entirely by the Ministry of Education and is beyond the control of the Board.
3. As such, the only option to restore the Board to financial stability is to reduce expenditures to levels that are fully funded. The starting point in the analysis is to note that the Board's revised estimates for the fiscal year ended August 31, 2015 (column 1, Appendix "A") project an in-year deficit of \$9.5 million and an accumulated deficit of \$16.9 million.

### **Ministry of Education Grant Reductions**

4. The Board's financial challenges are compounded by significant Ministry funding reductions already announced and further funding reductions to be announced by the end of March 2015. The Ministry has already announced that funding for special education will be reduced by \$1.5 million annually in the current and succeeding three (3) years, for a total decrease in special education funding of \$6 million.
5. With respect to funding the Board's administrative costs, funding will be reduced in total by \$750,000: \$250,000 in each of the current and succeeding two (2) fiscal years.
6. The most significant impact to the operations of the Board is an anticipated 2% funding reduction from the Ministry of Education. The Board's funding from the Ministry for student needs (GSN) is estimated to be reduced by \$20 million next year. The exact amount of the Ministry funding reduction is expected to be known by March 31, 2015. As can be seen in Appendix "A", anticipated total grant reductions from the Ministry of Education over the period ending August 31, 2018, total \$26.75 million.
7. That significant estimated Ministry funding reduction of \$26.75 million will be in addition to expenditure reductions to eliminate the Board's structural deficit of \$22 million over the same time period.

### **Total Adjustments**

8. For greater certainty, the Board must reduce expenditures by \$48.75 million over the period ending August 31, 2018, to return to a sound financial base. The expenditure reductions proposed in Appendix "A" will result in the

Board completely eliminating its in-year deficit in the fiscal year ended August 31, 2016, and its accumulated deficit by August 31, 2018.

9. The primary difference between the plan in Appendix “A” and the plan in Appendix “B” is that Appendix “A” proposes to completely eliminate the Board’s in-year deficit in the fiscal year ended August 31, 2016, by expenditure reductions in that year of \$42.55 million, and total expenditure reductions of \$48.75 million over the period ending August 31, 2018.
10. Appendix “B” proposes expenditure reductions of \$32.55 million in the fiscal year ended August 31, 2016, compared to reductions of \$42.55 million in Appendix “A”. This results in an in-year deficit in that year of \$4.30 million. It also makes necessary total expenditure reductions of \$58.75 million over the period ending August 31, 2018, as compared to total expenditure reductions of \$48.75 million under Appendix “A”. In effect, the plan in Appendix “B” eliminates the annual in-year deficit and accumulated deficit more gradually over the next three fiscal years than does the plan in Appendix “A”. However, it is important to highlight that the plan in Appendix “B” requires \$10 million more in total expenditure reductions than is required in Appendix “A”.

## **E. METRICS AND ACCOUNTABILITY**

1. The recommendation in this Report will be measured by comparing the financial recovery plan ultimately adopted by the Board to actual revenues and expenditures incurred.

## **F. STAFF RECOMMENDATION**

That staff prepare a detailed deficit recovery plan in consultation with the Board of Trustees, education finance experts retained by the Ministry of Education, and the broader TCDSB community.

**APPENDIX “A”**

<b>Toronto Catholic District School Board</b>						
<b>Revenue &amp; Expenditure Projections 2015-16 to 2018-19</b>						
<b>Balance the in-year budget in the fiscal year ended August 31, 2016</b>						
	<b>2014/15 Revised Estimates</b>	<b>2015/16 Projections</b>	<b>2016/17 Projections</b>	<b>2017/18 Projections</b>	<b>2018/19 Projections</b>	<b>Cumulative Totals</b>
	<b>(\$ Thousands)</b>					
<b>Total Revenue</b>	<b>1,183,200</b>	<b>1,181,500</b>	<b>1,159,700</b>	<b>1,158,000</b>	<b>1,156,500</b>	
<b>Ministry of Education Grant Reductions</b>						
GSN Reduction		(20,000)				(20,000)
Special Education Grant Reduction	(1,500)	(1,500)	(1,500)	(1,500)		(6,000)
Board Administration Grant Reduction	(250)	(250)	(250)			(750)
<b>Total Ministry of Education Grant Reduction</b>	<b>(1,750)</b>	<b>(21,750)</b>	<b>(1,750)</b>	<b>(1,500)</b>	<b>-</b>	<b>(26,750)</b>
<b>Adjusted Revenue</b>	<b>1,181,450</b>	<b>1,159,750</b>	<b>1,157,950</b>	<b>1,156,500</b>	<b>1,156,500</b>	<b>(26,750)</b>
<b>Total Expenditures</b>	<b>1,192,700</b>	<b>1,196,600</b>	<b>1,154,700</b>	<b>1,152,900</b>	<b>1,150,800</b>	
<b>Expenditure Adjustments</b>						
Ministry of Education Grant Reductions	(1,750)	(21,750)	(1,750)	(1,500)		(26,750)
Board Structural Recovery		(20,800)	(600)	(600)		(22,000)
<b>Total Recoveries &amp; Ministry Grant Reductions</b>	<b>(1,750)</b>	<b>(42,550)</b>	<b>(2,350)</b>	<b>(2,100)</b>	<b>-</b>	<b>(48,750)</b>
<b>Adjusted Expenditures</b>	<b>1,190,950</b>	<b>1,154,050</b>	<b>1,152,350</b>	<b>1,150,800</b>	<b>1,150,800</b>	<b>(48,750)</b>
	<b>ACCUMULATED SURPLUS/(DEFICIT)</b>					
<b>Projected In-year Surplus(Deficit)</b>	<b>(9,500)</b>	<b>5,700</b>	<b>5,600</b>	<b>5,700</b>	<b>5,700</b>	
<b>Projected In Year Accumulated Surplus (Deficit)</b>	<b>(7,400)</b>	<b>(16,900)</b>	<b>(11,200)</b>	<b>(5,600)</b>	<b>100</b>	
<b>Projected Accumulated Surplus/(Deficit)</b>	<b>(16,900)</b>	<b>(11,200)</b>	<b>(5,600)</b>	<b>100</b>	<b>5,800</b>	



**APPENDIX “B”**

<b>Toronto Catholic District School Board</b>						
<b>Revenue &amp; Expenditure Projections 2015-16 to 2018-19</b>						
<b>Delay balancing the in-year budget until the fiscal year ended August 31, 2017</b>						
	<b>2014/15 Revised Estimates</b>	<b>2015/16 Projections</b>	<b>2016/17 Projections</b>	<b>2017/18 Projections</b>	<b>2018/19 Projections</b>	<b>Cumulative Totals</b>
<b>(\$ Thousands)</b>						
<b>Total Revenue</b>	<b>1,183,200</b>	<b>1,181,500</b>	<b>1,159,700</b>	<b>1,158,000</b>	<b>1,156,500</b>	
<b>Ministry of Education Grant Reductions</b>						
GSN Reduction		(20,000)				(20,000)
Special Education Grant Reduction	(1,500)	(1,500)	(1,500)	(1,500)		(6,000)
Board Administration Grant Reduction	(250)	(250)	(250)			(750)
<b>Total Ministry of Education Grant Reductions</b>	<b>(1,750)</b>	<b>(21,750)</b>	<b>(1,750)</b>	<b>(1,500)</b>	<b>-</b>	<b>(26,750)</b>
<b>Adjusted Revenue</b>	<b>1,181,450</b>	<b>1,159,750</b>	<b>1,157,950</b>	<b>1,156,500</b>	<b>1,156,500</b>	<b>(26,750)</b>
<b>Total Expenditures</b>	<b>1,192,700</b>	<b>1,196,600</b>	<b>1,164,700</b>	<b>1,152,900</b>	<b>1,140,800</b>	
<b>Expenditure Adjustments</b>						
Ministry of Education Grant Reductions	(1,750)	(8,350)	(8,350)	(8,300)	-	(26,750)
Board Structural Recovery	-	(24,200)	(4,000)	(3,800)	-	(32,000)
<b>Total Recoveries &amp; Ministry Grant Reductions</b>	<b>(1,750)</b>	<b>(32,550)</b>	<b>(12,350)</b>	<b>(12,100)</b>	<b>-</b>	<b>(58,750)</b>
<b>Adjusted Expenditures</b>	<b>1,190,950</b>	<b>1,164,050</b>	<b>1,152,350</b>	<b>1,140,800</b>	<b>1,140,800</b>	
<b>ACCUMULATED SURPLUS/(DEFICIT)</b>						
<b>Projected In-year Surplus(Deficit)</b>	<b>(9,500)</b>	<b>(4,300)</b>	<b>5,600</b>	<b>15,700</b>	<b>15,700</b>	
<b>Projected In Year Accumulated Surplus (Deficit)</b>	<b>(7,400)</b>	<b>(16,900)</b>	<b>(21,200)</b>	<b>(15,600)</b>	<b>100</b>	
<b>Projected Accumulated Surplus/(Deficit)</b>	<b>(16,900)</b>	<b>(21,200)</b>	<b>(15,600)</b>	<b>100</b>	<b>15,800</b>	