

Toronto Catholic District School Board

Volume IV: Non-Instructional Related Expenditures

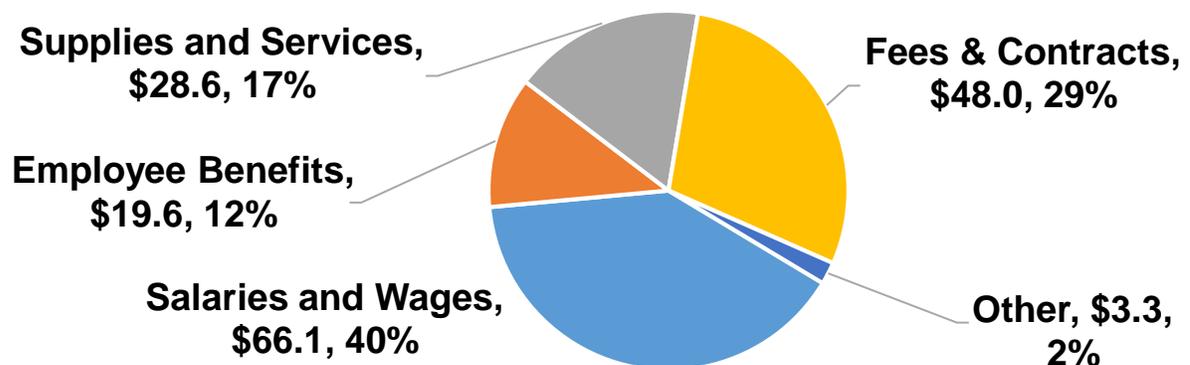
Non-Instructional Expenditures are necessary to support student achievement and well-being

While the majority of TCDSB's expenditures are on Instructional related activities, there are several functions within the organization that are Non-Instructional in nature, but still play a critical role in providing safe and enriching environments for students. They are also key to ensuring that stewardship of the Board's physical assets and monies are provided for with a high degree of quality. Non-Instructional Operating Expenditures can be summarized in four main areas: Administration and Governance, Transportation, School Operations and Maintenance, and Other Expenditures. Appendix 4B provides a detailed breakdown.

Administration and Governance expenditures include costs such as operating the Board office (Catholic Education Centre) and central facilities, system-wide based staff and expenditures, including supervisory officers and their support staff. Transportation expenditures includes costs to transport students between home and school, as well as costs for late buses, clubs and sport teams events and field trips. School operations and maintenance includes custodial, maintenance and school operations staff salaries and benefits, utilities, insurance and other expenditures to maintain clean and safe school environments. Other expenditures include funding for special purpose projects.

The following chart provides an overview of Non-Instructional related Expenditures by functional class.

2018-19 NON-INSTRUCTIONAL EXPENDITURES BY CLASSIFICATION (\$M)



The chart below provides a comparison between the 2017-18 budget and the 2018-19 budget estimates by category. On the following page is a brief analysis of each line item (referenced by line #) explaining the differences between each year's budget. The largest increase is in School Operations and Maintenance, mainly due to inflationary pressures.

Non-Instructional Expenditures Increases / (Decreases) (\$000)

	2017/18 Budget Revised Estimates	Net Change Increase / (Decrease)	2018/19 Budget Estimates
<u>Non-Instructional</u>			
1 Administration and Governance	\$27,727	\$746	\$28,473
2 School Operations & Maintenance	95,867	2,235	98,103
3 Transportation	35,145	588	35,733
Sub-total Non-Instructional	158,739	3,569	162,309
<u>Other</u>			
4 Temporary Accommodation	3,222	114	3,335
TOTAL EXPENDITURES Non-Classroom	\$161,961	\$3,683	\$165,644

Non-Instructional Expenditures Variance Analysis

- 1 Board Administration and Governance category has increased by \$0.7M due to funded increases in salary and benefits costs of \$0.5M and Human Resource recruitment team of two FTE's for \$0.2M.
- 2 School Operations and Maintenance have increased by \$2.2M due to funded increases in salary and benefits of \$0.1M, utility costs of \$0.5M, insurance costs have increased by \$0.2M and maintenance and operating costs of \$1.4M.

- 3 Transportation costs have increased by \$0.6M mainly due to increased costs of contractual rate increases.
- 4 Temporary Accommodation costs have increased due to higher leasing costs of \$0.1M.

Highlights of New Investments include the following:

1. ***An addition of a Student Travel Planner.*** To build upon the experience and knowledge gained since the 2011 introduction of the School Travel Planning in TCDSB schools, and to fund an expanded STP Facilitator role to assist in completing the feasibility study and undertaking implementation of school-specific action plans designed to address traffic safety problems and promote sustainable modes of travel in TCDSB communities.
2. ***An addition of a Equity and Human Rights Advisor.*** The mandate of the Equity and Human Rights Advisor is to, through moral suasion, work with the Director of the Board and with the board's senior team in order to further foster cultures of respect for human rights and equity, and to help identify and address systemically based human rights and equity issues, and to make generally known the availability of regionally based concerns and complaints services and to, where appropriate, refer members of board communities to the service.
3. ***An increase in the HR Recruitment capacity.*** A 2014 Deloitte audit referenced the need for additional human and financial Recruitment resources as well as the need to leverage technology. 1000 external hires and 2500 internal hires were processed annually over the past 5 years. Two additional recruitment staff are required to maintain the unprecedented demand for new hires in the organization.
4. ***Increasing the base amount of the Trustee Honoraria.*** Increasing the base amount of the Trustee Honoraria from \$5,900 to \$6,300 annually per Provincial directive. It should be noted that this has been included for disclosure, but has no material impact on the budget.

The following tables provide detail of the new FTEs being recommended for inclusion in the 2018-19 budget. It provides the FTEs in terms of “Non-Discretionary” additions (based on restricted funding, legislative changes and arbitration settlements) as well as “Discretionary”.

<i>Non-Discretionary GSN Investments in Non-Instructional Expenditures</i>	<i>FTE (\$M)</i>	
Equity and Human Rights Advisor	1.0	0.15
Total	1.0	0.15

<i>Discretionary GSN Investments in Non-Instructional Expenditures</i>	<i>FTE (\$M)</i>	
Student Travel Planner	0.0	0.05
Human Resources Recruitment Staff	2.0	0.22
Total	2.0	0.27

An additional one-time strategic investment of \$0.3M is proposed from Accumulated Surpluses to address human resource issues related to recruitment and absenteeism. As the current complement, even with the two additional FTEs proposed, is expected to be unable to handle the work load of all new hires it is recommended that retired staff be hired on a short-term basis to help with the recruitment of staff. These investments are further detailed in Appendix 4A.

VOLUME IV - APPENDICES

Appendix 4A

2018-19 One-time Strategic Investments	
Investment Description	\$M
<p><u>Human Resource Recruitment Initiatives</u></p> <p>Additional Human Resource capacity by engaging retired School Principals and Vice-Principals is required to ensure Recruiting Interview Panels possess the requisite skill sets and expertise. The increased volume of recruiting workload exceeds existing staffing capacity and negatively impacts upon staffing vacancy fill-rates.</p>	0.120
<p><u>School Board Cooperative Inc. (SBCI) Attendance Support Services</u></p> <p>Extend the contract with SBCI to address attendance management issues identified by TCDSB staff and recent internal audits as a high priority and significant cost and academic operational pressure.</p> <p>SBCI Support services will continue to organize and operationalize structural changes within the Sick Leave and Disability Department.</p>	0.223
Total	\$0.343



2018-19 BUDGET EXPENDITURE ESTIMATES BY FUNCTIONAL CLASSIFICATION

NON-CLASSROOM

Expenditures	2016/17 Actuals	2017/2018 Revised Estimates	2018/2019 Estimates	Difference	
				\$	%
Director's Office	5,643,978	5,945,986	6,005,181	\$ 59,195	1.0%
Communications	537,379	540,077	622,178	\$ 82,102	15.2%
Human Resources	5,121,653	6,053,069	6,283,453	\$ 230,384	3.8%
Business Administration	4,231,872	4,763,205	4,816,324	\$ 53,119	1.1%
Legal Fees	884,054	915,000	1,000,000	\$ 85,000	9.3%
Corporate Services	1,031,780	1,163,460	1,091,996	\$ (71,464)	-6.1%
Employee Relations	552,452	772,142	827,766	\$ 55,624	7.2%
Facilities Services & Planning Services	1,381,452	1,561,624	1,679,234	\$ 117,610	7.5%
Catholic Education Centre	1,612,379	2,518,323	2,586,256	\$ 67,932	2.7%
Transportation	33,319,894	35,145,198	35,732,608	\$ 587,410	1.7%
Operations & Maintenance	89,778,457	95,867,259	98,102,743	\$ 2,235,484	2.3%
Other Expenditures	119,437	124,106	125,262	\$ 1,156	0.9%
Temporary Accommodation		3,221,513	3,335,243	\$ 113,730	3.5%
Budgets Transferred to Classroom Instruction from Administration and Governance		3,370,491	3,435,884		
TOTAL	\$ 144,214,786	\$ 161,961,454	\$ 165,644,129	\$ 3,682,675	2.3%



2018-19 BUDGET EXPENDITURE ESTIMATES BY FUNCTIONAL CLASSIFICATION

Director's Office

Expenditures	2016/17 Actuals	2017/18 Revised Estimates	2018/2019 Estimates	Difference	
				\$	%
Director/Supervisory Officers Salaries	\$ 2,865,984	\$ 2,859,861	\$ 2,957,605	97,744	3.4%
Director/Supervisory Officers Benefits	824,075	939,059	878,113	(60,946)	-6.5%
Director & Supervisory Officers Professional Development	47,283	40,000	42,500	2,500	6.3%
Director & Supervisory Officers Other Expenses	63,303	51,912	43,680	(8,232)	-15.9%
Office Support Staff Salaries	909,850	824,456	850,226	25,770	3.1%
Office Support Staff Benefits	212,263	216,080	218,168	2,088	1.0%
Trustees & Student Trustees Honorariums	256,833	267,177	272,052	4,875	1.8%
Trustees & Student Trustees Other Expenses	126,744	377,680	373,077	(4,603)	-1.2%
OCSTA Annual Membership Fee	210,118	210,978	210,978	-	0.0%
OCSSOA Membership Fees	32,895	32,895	32,895	-	0.0%
Director's Office					
Printing	3,341	15,000	15,000	-	0.0%
Telephone	1,456	2,500	2,500	-	0.0%
Supplies	87,483	98,388	98,388	-	0.0%
Contractual Services	2,349	10,000	10,000	-	0.0%
TOTAL	\$ 5,643,978	\$ 5,945,986	\$ 6,005,181	59,195	1.0%



2018-19 BUDGET EXPENDITURE ESTIMATES BY FUNCTIONAL CLASSIFICATION

Communications

Expenditures	2016/17 Actuals	2017/18 Revised Estimates	2018/2019 Estimates	Difference	
				\$	%
Salaries	\$ 383,479	\$ 365,983	\$ 436,193	70,210	19.2%
Benefits	103,630	95,920	111,927	16,007	16.7%
Supplies & Services					
Car Allowance	11,369	12,348	8,232	(4,116)	-33.3%
Printing	6,145	7,500	7,500	-	0.0%
Telephone	3,385	4,000	4,000	-	0.0%
Supplies	29,371	54,326	54,326	-	0.0%
TOTAL	\$ 537,379	\$ 540,077	\$ 622,178	82,102	15.2%



2018-19 BUDGET EXPENDITURE ESTIMATES BY FUNCTIONAL CLASSIFICATION

Human Resources

Expenditures	2016/17 Actuals	2017/18 Revised Estimates	2018/2019 Estimates	Difference	
				\$	%
Salaries	\$ 3,558,325	\$ 4,072,019	\$ 4,253,986	181,967	4.5%
Benefits	967,887	1,067,227	1,091,587	24,360	2.3%
Central Temporary Staffing	150,295	85,000	85,000	-	0.0%
Summer Help (Temporary Staffing)	-	85,000	85,000	-	0.0%
Negotiation Costs	18,217	125,719	125,719	-	0.0%
New Teacher Induction Program NTIP Provision	50,000	50,000	50,000	-	0.0%
Workplace Safety Team Professional Development Fund	-	50,000	50,000	-	0.0%
Whistle Blower Security	-	75,000	75,000	-	0.0%
Central Bargaining - OCSTA	43,017	43,017	43,017	-	0.0%
Car Allowance	32,928	37,044	24,696	(12,348)	-33.3%
Professional Development	24,443	15,000	15,000	-	0.0%
Printing	7,362	8,000	8,000	-	0.0%
Telephone	9,493	10,000	11,406	1,406	14.1%
Supplies	72,081	97,250	97,250	-	0.0%
Recruitment of Staff	86,333	80,000	80,000	-	0.0%
Professional Services	61,953	82,811	117,811	35,000	42.3%
Software Fees & Licensing Fees	39,321	69,982	69,982	-	0.0%
TOTAL	\$ 5,121,653	\$ 6,053,069	\$ 6,283,453	230,384	3.8%



2018-19 BUDGET EXPENDITURE ESTIMATES BY FUNCTIONAL CLASSIFICATION

Business Administration

Expenditures	2016/17 Actuals	2017/18 Revised Estimates	2018/2019 Estimates	Difference	
				\$	%
Salaries	\$ 3,333,032	\$ 3,694,546	\$ 3,745,698	51,152	1.4%
Benefits	879,825	968,296	961,146	(7,150)	-0.7%
Supplies & Services					
Materials Management	8,295	9,116	9,116	-	0.0%
Payroll Services	27,186	28,920	28,920	-	0.0%
Business Services	31,675	37,328	46,444	9,116	24.4%
Printing Services	(264,409)	(100,000)	(100,000)	-	0.0%
Bank Charges & Other Fees	95,135	25,000	25,000	-	0.0%
Audit Fees	121,133	100,000	100,000	-	0.0%
TOTAL	\$ 4,231,872	\$ 4,763,205	\$ 4,816,324	53,119	1.1%



2018-19 BUDGET EXPENDITURE ESTIMATES BY FUNCTIONAL CLASSIFICATION

Legal Fees

Expenditures	2016/17 Actuals	2017/18 Revised Estimates	2018/2019 Estimates	Difference	
				\$	%
Legal Fees & Services - General Corporate & Safe Schools	\$ 70,198	\$ 150,000	\$ 150,000	-	0.0%
Legal Fees & Services - Employee Relations	620,861	450,000	500,000	50,000	-100.0%
Legal Fees & Services - Planning & Facilities	192,996	315,000	350,000	35,000	-100.0%
TOTAL	\$ 884,054	\$ 915,000	\$ 1,000,000	85,000	-100.0%



2018-19 BUDGET EXPENDITURE ESTIMATES BY FUNCTIONAL CLASSIFICATION

Corporate Services

Expenditures	2016/17 Actuals	2017/18 Revised Estimates	2018/2019 Estimates	Difference	
				\$	%
Salaries	\$ 735,059	\$ 781,241	\$ 727,782	(53,459)	-6.8%
Benefits	192,888	204,754	186,749	(18,005)	-8.8%
Professional Development	47,658	82,700	82,700	-	0.0%
Printing	1,156	1,200	1,200	-	0.0%
Telephone	1,870	2,000	2,000	-	0.0%
Supplies	36,620	26,088	26,088	-	0.0%
Contractual Services	12,412	57,861	57,861	-	0.0%
Software Fees & Licensing Fees	-	3,500	3,500	-	0.0%
Car Allowance	4,116	4,116	4,116	-	0.0%
TOTAL	\$ 1,031,780	\$ 1,163,460	\$ 1,091,996	(71,464)	-6.1%



2018-19 BUDGET EXPENDITURE ESTIMATES BY FUNCTIONAL CLASSIFICATION

Employee Relations

Expenditures	2016/17 Actuals	2017/18 Revised Estimates	2018/2019 Estimates	Difference	
				\$	%
Salaries	\$ 413,800	\$ 566,290	\$ 613,029	46,739	8.3%
Benefits	107,829	148,418	157,303	8,885	6.0%
Professional Development	5,766	7,500	7,500	-	0.0%
Printing	266	10,000	10,000	-	0.0%
Telephone	1,467	3,000	3,000	-	0.0%
Supplies	15,234	13,770	13,770	-	0.0%
Professional Services	7,747	19,048	19,048	-	0.0%
Car Allowance	343	4,116	4,116	-	0.0%
TOTAL	\$ 552,452	\$ 772,142	\$ 827,766	55,624	7.2%



2018-19 BUDGET EXPENDITURE ESTIMATES BY FUNCTIONAL CLASSIFICATION

Facilities Services & Planning Services

Expenditures	2016/17 Actuals	2017/18 Revised Estimates	2018/2019 Estimates	Difference	
				\$	%
Salaries	\$ 1,051,486	\$ 1,140,404	\$ 1,291,087	150,683	13.2%
Benefits	273,945	298,886	331,293	32,407	10.8%
Supplies & Resources					
Facilities Services Department	12,172	12,243	12,243	-	0.0%
Capital Development Department	3,527	3,500	3,500	-	0.0%
Planning Department	22,147	30,348	18,000	(12,348)	-40.7%
Development Services	6,948	11,227	7,111	(4,116)	-36.7%
Admissions Department	102	1,000	1,000	-	0.0%
Facilities Legal Services Department	8,626	10,000	10,000	-	0.0%
Capital Planning Capacity Program	2,498	54,016	5,000	(49,016)	-90.7%
TOTAL	\$ 1,381,452	\$ 1,561,624	\$ 1,679,234	117,610	7.5%



2018-19 BUDGET EXPENDITURE ESTIMATES BY FUNCTIONAL CLASSIFICATION

Catholic Education Centre

Expenditures	2016/17 Actuals	2017/18 Revised Estimates	2018/2019 Estimates	Difference	
				\$	%
Custodial Salaries	\$ 519,393	\$ 350,535	\$ 406,126	55,591	15.9%
Custodial Benefits	146,999	91,871	104,212	12,341	13.4%
CEC Facility Utilities & Maintenance	684,689	600,000	600,000	-	0.0%
CEC Amortization of Previous Building Improvements	261,298	1,475,917	1,475,917	-	0.0%
TOTAL	\$ 1,612,379	\$ 2,518,323	\$ 2,586,256	67,932	2.7%



2018-19 BUDGET EXPENDITURE ESTIMATES BY FUNCTIONAL CLASSIFICATION

Transportation

Expenditures	2016/17 Actuals	2017/18 Revised Estimates	2018/2019 Estimates	Difference	
				\$	%
Administrative Salaries	\$ 930,536	\$ 932,113	\$ 963,558	31,445	3.4%
Administrative Benefits	242,634	245,317	237,421	(7,897)	-3.2%
Temporary Assistance	-	57,000	57,000	-	0.0%
Office Supplies & Services	61,507	82,400	132,400	50,000	60.7%
TRANSPORTATION - REGULAR INSTRUCTION					
Music	34,673	36,571	37,303	731	2.0%
Outdoor Education	3,557	12,106	12,348	242	2.0%
Excursions for Handicapped Students	14,391	37,127	37,870	743	2.0%
Ontario Schools Deaf & Blind	-	37,439	38,188	749	2.0%
Regular Home to School	14,664,184	14,044,388	14,325,276	280,888	2.0%
Student Safety	43,037	92,911	94,769	1,858	2.0%
Safe Schools	8,957	10,609	10,821	212	2.0%
Kindergarten	-	-	-	-	0.0%
Remedial Language	129,363	133,244	135,909	2,665	2.0%
Regular Transit Fares for Scholars & Children	31,491	49,745	50,740	995	2.0%
Safe Schools Transit Fares (Scholars)	-	14,302	14,588	286	2.0%
Transit Fares for Adults	-	1,931	1,970	39	2.0%
Summer School	380,450	412,449	420,698	8,249	2.0%
Bilingual Program Transit Fares (Scholars & Children)	31,870	74,336	75,822	1,487	2.0%
Exceptional Circumstances (Tickets)	436,764	496,062	505,983	9,921	2.0%
Fuel Escalation Charge Provision	(75,550)	100,000	150,000	50,000	50.0%
Regular Home to School for New Routes	-	-	-	-	0.0%
Software Fees & Licenses	90,722	317,772	180,926	(136,846)	-43.1%
Physical Transportation	-	2,370	2,417	47	2.0%
Transportation Consortium	74,043	375,000	382,500	7,500	2.0%



2018-19 BUDGET EXPENDITURE ESTIMATES BY FUNCTIONAL CLASSIFICATION

Transportation

Expenditures	2016/17 Actuals	2017/18 Revised Estimates	2018/2019 Estimates	Difference	
				\$	%
TRANSPORTATION - SPECIAL EDUCATION					
Vision, Hearing & Speech	2,199,742	2,265,734	2,311,049	45,315	2.0%
Medical & Handicapped	7,955,385	8,194,047	8,357,927	163,881	2.0%
Special Education Transit Fares for Adults	3,801	12,228	12,473	245	2.0%
Developmentally Disabled Transit Fares for Scholars	8,983	7,903	8,061	158	2.0%
Special Transit Fares for Scholars & Children	165,735	116,456	118,786	2,329	2.0%
Developmentally Disabled	574,188	592,426	604,275	11,849	2.0%
Section 23 Programs	773,469	796,671	812,604	15,933	2.0%
Special Education	3,814,927	3,920,930	3,999,348	78,419	2.0%
Co-operative Education (Special Education & W/C) & Transit Tickets	721,035	967,823	987,179	19,356	2.0%
ONE-TIME TRANSPORTATION SERVICES					
One-time Transportation Services due to New School Construction	\$ -	\$ 705,788	\$ 652,399	(53,389)	-7.6%
TOTAL	\$ 33,319,894	\$ 35,145,198	\$ 35,732,608	587,410	1.7%



2018-19 BUDGET EXPENDITURE ESTIMATES BY FUNCTIONAL CLASSIFICATION

Operations & Maintenance

Expenditures	2016/17 Actuals	2017/18 Revised Estimates	2018/2019 Estimates	Difference	
				\$	%
Salaries	\$ 42,552,374	\$ 46,808,852	\$ 47,230,180	421,328	0.9%
Benefits	13,020,198	14,999,339	14,702,722	(296,617)	-2.0%
Utilities	19,894,334	18,544,856	19,068,893	524,037	2.8%
Insurance	2,228,839	2,200,000	2,350,000	150,000	6.8%
Professional Development Provision	73,275	37,806	126,751	88,945	235.3%
Printing and Photocopying	8,258	1,994	8,258	6,264	314.1%
Plant Operations Supplies	1,053,249	1,140,000	1,289,520	149,520	13.1%
Automobile Reimbursement	60,709	66,121	60,709	(5,412)	-8.2%
Travel Expense Allowance	110,166	124,537	110,166	(14,371)	-11.5%
Vehicle Fuel	119,691	120,064	130,000	9,936	8.3%
Repairs-Custodial Equipment	145,453	160,381	150,000	(10,381)	-6.5%
Telephone Expense	93,051	98,731	128,096	29,365	29.7%
Office Supplies and Services	36,275	34,624	41,275	6,651	19.2%
Maintenance Supplies and Services	3,499,503	3,993,749	4,201,000	207,251	5.2%
Vehicle Maintenance and Supplies	236,921	131,289	236,921	105,632	80.5%
Replacement Furniture & Equipment	409	92,608	256,151	163,543	176.6%
Additional Equipment - Vehicles	804	140,081	180,000	39,919	28.5%
Rental Lease Vehicles	53,978	51,073	75,000	23,927	46.8%
Other Professional Fees (Health & Safety)	169,585	93,121	169,585	76,464	82.1%
Other Contractual Services	6,421,384	7,028,033	7,587,516	559,482	8.0%
TOTAL	\$ 89,778,457	\$ 95,867,259	\$ 98,102,743	2,235,484	2.3%



2018-19 BUDGET EXPENDITURE ESTIMATES BY FUNCTIONAL CLASSIFICATION

Other Expenditures

Expenditures	2016/17 Actuals	2017/18 Revised Estimates	2018/2019 Estimates	Difference	
				\$	%
Parental Involvement Funding	117,806	122,106	123,262	1,156	0.9%
Partnership Development Department - Office Supplies & Services	1,631	2,000	2,000	-	0.0%
TOTAL	\$ 119,437	\$ 124,106	\$ 125,262	1,156	0.9%

Toronto Catholic District School Board

Volume V: Financial Sustainability

Financial Sustainability requires looking forward

School Board funding is almost entirely dependent on Provincial grants. A large portion of these grants remain stable year over year and therefore the TCDSB is able, to a certain extent, to consider its sustainability beyond an annual budget process. Historically, much concentration is placed on



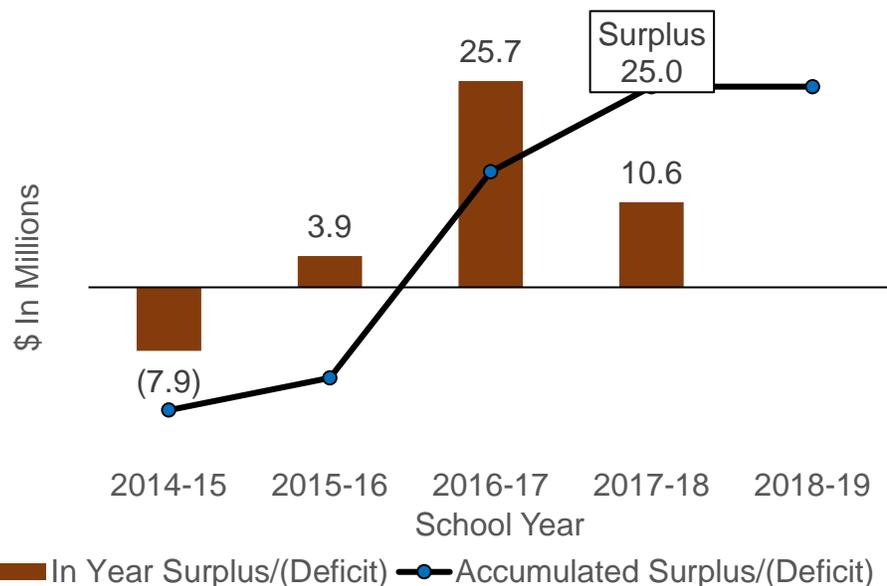
balancing the funding received by the Province with the planned expenditures for the year. Often a Board may face one-time increases or decreases in expenditures, which puts the budget out of balance. It also may be faced with “structural deficits” arising from legislative or labour arbitration decisions that essentially place an ongoing cost burden

that is greater than the funding received by the Province. In order to remain sustainable the TCDSB should consider funding strategies that are beyond an annual view and also that works within the current legislative permissions granted to it by the Province.

In isolation, an Accumulated Surplus is not a solution to Financial Sustainability

The mechanism by which most School Boards, including the TCDSB, mitigates against the risks of potential in-year deficits is by holding an “Accumulated Surplus”. These are the result of adding all of the previous year’s in-year surpluses and holding this sum of money as a type of “rainy day” fund that can be used to offset in-year deficits in future years.

TCDSB In-Year and Accumulated Surpluses / (Deficits)



The TCDSB made difficult decisions to eliminate various structural deficits in order to arrive at an expected Accumulated Surplus of \$25.0M at the end of the 2017-18 fiscal year. TCDSB Trustees were forward thinking in that they passed a motion that 1% of the Accumulated Surplus would be held as a form of contingency against future year deficits. This aligns with the Province's recommendation that a minimum of 1% be accumulated for these purposes. This year's budget process recommends taking this notion one step further to more fully embrace a sustainable path forward.

A Reserve Strategy is necessary to complement an Accumulated Surplus and mitigate the risk against in-year deficits

The Education Act allows School Boards to create something called "Reserves". These are special purpose type funds that are restricted to a specific type of expenditure and can be funded by the Accumulated Surplus. The TCDSB already has several of these types of reserve accounts, however the strategy to set these monies aside has not been previously formalized and occurs on an ad-hoc basis. This year staff are recommending that the strategy begin to be formalized so that funds from the Accumulated Surplus can be strategically set aside for potential future in-year deficits as well as for one-time large expenditures that can change from year to year. Investments in enterprise wide Information Technology (IT) systems is a good example of this.

New consolidated reserves are recommended to be created out of some existing ones

As stated earlier, the TCDSB has several reserves included in its 2017-18 Financial Statements. Many of these reserves are operational in nature and simply carryover projects/initiatives from previous years where the monies are yet to be spent. A full list of these reserves can be found in Appendix 5A. There are some reserves that lend themselves to being a part of larger strategic reserves. Those reserves concerning renewal of Administrative Facilities and IT Infrastructure make sense to consolidate and create two new strategic reserves as the projects may be phased over multiple years.

There are also areas for which TCDSB receives minimal grant funding and it is both logical and more sustainable to create strategic reserves to better plan for and implement related projects over the long term. In total, these reserves would be seeded with \$3.38M of funding. It should be noted that some of these monies may be in use within the 2017-18 fiscal year so the starting balances may be less than \$3.38M when beginning the 2018-19 fiscal year. Starting to build up these reserves will allow both Facilities and IT staff better flexibility to respond to priorities that may arise, which are not provided for through base budget GSN funding or EPO grants from the Ministry.

2018-19 New Consolidated Reserves (\$M)	
I.T. Infrastructure Reserve	\$2.18
Admin Facility Reserve	\$1.20
Total	\$3.38

One-time strategic investments are recommended for 2018-19 from the Accumulated Surplus

During the 2017-18 Revised Budget Estimate discussion, the Board of Trustees allocated various one-time strategic funding from the Accumulated Surplus. Before considering a further Reserve Strategy beginning in 2018-19, any further strategic one-time investments must be considered.

2018-19 One-Time Strategic Investments (\$M)	
IT Hardware Replacements	\$1.40
HR Recruitment Initiatives	\$0.12
SBCI Attendance Support Services	\$0.22
Total	\$1.74

For the 2018-19 fiscal year, staff are recommending in Volumes 3 and 4 of this Budget Book three one-time investments from the Accumulated Surplus totaling \$1.75M. All three investments have been assessed by Senior Staff as being high priority and critical to the success of the

organization moving in to the future. Staff believe that these are fiscally prudent investments given their broad impact on the organization.

The remainder of the Accumulated Surplus is recommended to be allocated to new Strategic Reserves

The 2017-18 Accumulated Surplus is expected to be \$25.0M. After deducting \$1.74M for one-time investments in 2018-19 this leaves a balance of \$23.26M. Further reducing this amount by an estimated ASO Benefit Surplus of \$10.50, leaves a balance to be allocated of \$12.7M. It is necessary to deduct the ASO Benefit Surplus until such time as that amount is confirmed by the Province. It is recommended that the \$12.7M be allocated to the following two Strategic Reserves: 1) Operating Contingency Reserve, and 2) IT Strategic Systems Reserve.

2018-19 New Strategic Reserves (\$M)	
Operating Contingency Reserve (<i>To max of 2% Contingency</i>)	\$11.20
IT Strategic Systems Reserve	\$1.50
Total	\$12.70

The Operating Contingency reserve is recommended to act as a contingency to offset future in-year deficits. \$11.2M is approximately 1% of TCDSB's operating budget and is in line with the motion approved by Trustees. This reserve is envisioned to operate with a minimum and maximum amount. The minimum would be 1% of the operating budget, while the maximum amount held in the reserve would be 2% of the operating budget. It should be noted that the Province has indicated that 2% is the optimal amount to be held in contingency.

The IT Strategic Systems Reserve, which is separate and distinct from the IT Infrastructure Reserve, is not for hardware replacement. Rather, it is to address long term financial planning for replacement of major enterprise wide systems. TCDSB is facing several challenges over the coming years with either completely replacing or upgrading large scale systems such as its Student Information System and its HR and Finance Enterprise system also known as "SAP". These are large multi-year and multi-million dollar investments that require careful implementation and financial planning to achieve. Some money exists in the base budget for this system work, but it is anticipated that the cost will greatly exceed the amounts allocated at this point. By creating an initial reserve with seed monies this should help to start a sustainable financial plan, but more will need to be allocated in future years.

In-Year surpluses are recommended to be apportioned to Strategic Reserves on a formula basis

In order to provide a framework by which accumulated surpluses are treated at year end, it is recommended that a formulaic approach is taken to allocate funding to strategic reserves. 50% of in-year surpluses are recommended to be allocated to the Operating Contingency Reserve as a contingency against future in-year deficits. As mentioned earlier, this contribution would continue until the reserve has reached its maximum of 2% of the operating budget. Once the maximum is attained, these funds would be redirected to other remaining reserves on a pro rata basis according to the formula or to any new strategic reserves that may be recommended in the future.

Another 40% is recommended to be allocated to the IT Strategic Systems Reserve. This once again gives recognition to the fact that the Board is going to face some severe funding challenges over the next 3-7 years as major enterprise systems are expected to be replaced or upgraded.

% Allocation of In-Year Surpluses to Strategic Reserves	
Operating Contingency Reserve	50%
IT Strategic Systems Reserve	40%
Admin Facility Reserve	5%
Student Equity Strategic Reserve	5%
Total	100%

A further 5% is recommended to be allocated to each of the Administrative Facility Reserve and a new Student Equity Reserve. The Administrative Facility Reserve is meant to largely help bolster the renewal activities for the Catholic Education Centre to which most EPO grants from the Province are ineligible. The Student Equity Reserve is a new strategic reserve being recommended to set aside monies that can be applied towards various equity initiatives across the Board. One-time increases to School Block Budgets in lower socio-economic areas of the Board is a good example of one such use, but other priorities, initiatives or projects may also arise in the future that could benefit from having funding set aside to fund equity related issues.

It should be noted that this formula would be applied by staff at year end, however should the Board of Trustees wish to adjust this formula in any given year, then a motion in that particular year could be passed to adjust the formula should a need arise to do so.

The reserve strategy is in its infancy and will require more work in the future

The reserve strategy recommendations described in this Volume of the 2018-19 Budget Book is only the start of the overall strategy. More work will be done over the next fiscal year to better define the strategy. For instance, more work will be done on a plan and multi-year budget for IT Strategic Systems investments as well as an IT asset replacement plan. An actual Reserve Policy is envisioned to be created and brought to the Governance and Policy Committee in 2018-19 so that policy and procedures are more well defined.

It is recommended that the above strategy be adopted for this fiscal year to ensure a philosophy of Financial Sustainability begins to emerge. As the largest publicly funded Catholic School Board, it is imperative that sustainability be of primary concern and that a degree of objectivity and transparency is also achieved in doing so.

VOLUME V - APPENDICES

Appendix 5A

List of Reserves	2016-17 Year End (\$M)
School Block Budget	2.20
Professional Development	0.16
Contract Support Workers	0.09
Trustee unspent Budgets Board Motion	0.04
Capital Planning Capacity	0.56
Playground Equipment	0.03
Catholic School Parent Council	2.06
Administrative Facilities*	1.20
IT Infrastructure*	2.18
Total Reserves	\$8.52

**New consolidated strategic reserves using balances from existing reserves related to administrative facilities and IT hardware replacement*