



REPORT TO

CORPORATE SERVICES, STRATEGIC PLANNING AND PROPERTY COMMITTEE

2018-19 REVISED BUDGET ESTIMATES - NON INSTRUCTIONAL

“I can do all things through him who strengthens me.”

PHILIPPIANS 4:13

Created, Draft	First Tabling	Review
November 26, 2018	December 12, 2018	Click here to enter a date.

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RECOMMENDATION REPORT

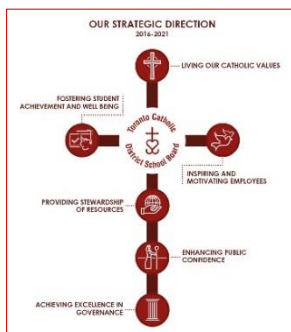
Vision:

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 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.



Rory McGuckin
Director of Education

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of Academic Affairs

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Acting Associate Director
of Planning and Facilities

L. Noronha
Executive Superintendent
of Business Services and
Chief Financial Officer

A. EXECUTIVE SUMMARY

As per the requirements set out in the Education Act, TCDSB's revised budget estimates are required to be balanced. The 2018-19 Non-Instructional budget expenditure revised estimates appearing in this report is prepared based on updated enrolment and staffing projections, and calculated Grants for Student Needs (GSN) and Education Programs - Other (EPO) funding projections.

The total change from Budget Estimates to Revised Budget Estimates is an increase of \$11.3M. Total Revenues in the Revised Budget Estimates is \$1.149B and the Expenditures is \$1.154B which will result in a net deficit of (\$5.0M). The deficit is a result of the additional costs associated with the International Languages (IL) program moving from an extended day to the regular instructional day and the associated loss of funding from the Ministry for this program.

These additional costs will result in a \$1.5M deficit in the Non-Instructional budget. These additional costs are related specifically to Transportation required to accommodate students moving from an extended day program to the regular instructional day. As per the recommendations of the 2017-18 Year End Financial Report, the Accumulated Surplus will fund these costs on a one-time basis for 2018-19; pending approval by the Board of Trustees.

Two budget related reports have been submitted to facilitate Trustees with conflicts of interest on instructional related funding, at their own discretion, the opportunity to participate in non-instructional related discussions.

The cumulative staff time required to prepare this report was 20 hours.

B. PURPOSE

1. This report has been prepared for the Board of Trustees in order to approve the 2018-19 Revised Budget Estimates for Non-Instructional Expenditure Categories.

C. BACKGROUND

1. ***Revision of Budget Estimates is primarily driven by enrolment changes.***
The Budget Estimates were due to the Ministry by June 30, 2018 based on projected enrolment data for October 2018 and March 2019.

Revised Budget Estimates are due by December 15th, 2018 based on the actual enrolment data as of October 31, 2018 and projected enrolment data for March 31, 2019.

Subsequent changes in enrolment will be submitted throughout the year and any increases/decreases in enrolment will be used in the final Grant for Student Needs calculations at year-end with a corresponding increase/decrease in revenues.

2. ***The 2018-19 Budget Estimates have already been approved; this report speaks to minor revisions in comparison to the overall budget.*** The Board of Trustees approved the 2018-19 Budget Estimates at the Regular Board meeting held on June 6, 2018. The 2018-19 Operating Budget Estimates totalled \$1.140B, and projected an in-year surplus of \$0.1M.

The Audit Committee reviewed and recommended to the Board of Trustees the approval of the 2017-18 year-end audited financial statements on November 6, 2018. The financial statements reported an in-year surplus of \$25.3M, which was then allocated to both funding an estimated in-year deficit for 2018-19, and to Reserves based on the Reserve Strategy approved by the Board in June 2018.

3. ***The Education Act prescribes the conditions under which an in-year deficit is permitted.*** Based on the Education Act, the Board is allowed to carry the proposed in-year deficit of \$5.0M, which is not greater than 1% of the TCDSB's operating revenues.

D. EVIDENCE/RESEARCH/ANALYSIS

1. The projected expenditure changes in the Non-Instructional expenditure category appear in the table below:

<i>Non-Instructional Expenditure Categories</i>	<i>2018-19 Budget Estimates (\$M)</i>	<i>2018-19 Revised Budget Estimates (\$M)</i>	<i>Change (\$M)</i>
School Operations & Maintenance	98.1	98.0	(0.1)
Administration & Governance	28.5	29.0	0.5
Transportation	35.7	37.2	1.5
Other-Temporary Accommodations	3.3	3.9	0.6
Total	165.6	168.1	2.5

2. *Budgeted Expenditures increased by \$2.5M due to the following:*

- ADMINISTRATION AND GOVERNANCE: Increase in Salary and benefit costs for Executive Compensation of \$0.5M, these costs were not included in the Budget Estimates due to the late announcement by the Ministry of Education (EDU) to fund these increases. These costs have been frozen until a review has been completed by the Province, which is expected to be complete by June 2019.
- TRANSPORTATION: Transportation costs increased by \$1.5M because IL students finish at the same time as regular students, and more buses are required to transport a larger volume students at the same time. In the past, the bussing services were staggered at different times. These additional costs cannot be absorbed into the Board's current allocation of GSNs for transportation given that the Board is already underfunded for its transportation needs.

- OTHER TEMPORARY ACCOMMODATIONS: Temporary Accommodations costs have increased by \$0.6M due to construction delays. The revenues from the capital grants will cover these costs.
3. ***The resulting In-Year Operating Deficit for the Non-Instructional Category is (\$1.5M).*** Funding for Administration and Governance as well as Temporary Accommodation increases will be funded by increased GSNs and Capital Grants, respectively. This leaves the Transportation shortfall related to the new IL Program format as the contributing item to the in-year deficit from the non-instructional category. On November 6, 2018, the Board approved a reservation strategy from the 2017-18 In-Year Surplus that allocated \$5.2M to cover the deficit amount related to the funding shortfall for the IL Program; as permitted by the Education Act. Appendix A provides detail sheets that replace those in the 2018-19 “Budget Book”, which was published in June 2018.
 4. ***Funding in-year deficits from previous year’s surpluses is not a sustainable practice.*** During the 2019-20 budget process, the Board will need to address the funding shortfall in the IL Program in order to avoid ongoing in-year deficits. This will need to be accomplished by securing additional funding for the program, through program redesign or reductions or any combination thereof.

E. STAFF RECOMMENDATION

1. That the Board of Trustees approve a Revised Non-Instructional Budget Estimate including a deficit of (\$1.5M), with such deficit to be funded by the previously approved reservation of funds from the 2017-18 in-year surplus