



REPORT TO

## CORPORATE SERVICES, STRATEGIC PLANNING AND PROPERTY COMMITTEE

### 2018-19 REVISED BUDGET ESTIMATES - 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	February 1, 2019

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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.*



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## 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 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 \$3.5M deficit in the Instructional budget.* The additional \$1.5M of deficit related to the IL Program is within the Non-Instructional Budget, specifically for transportation related impacts. 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 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 15<sup>th</sup>, 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.

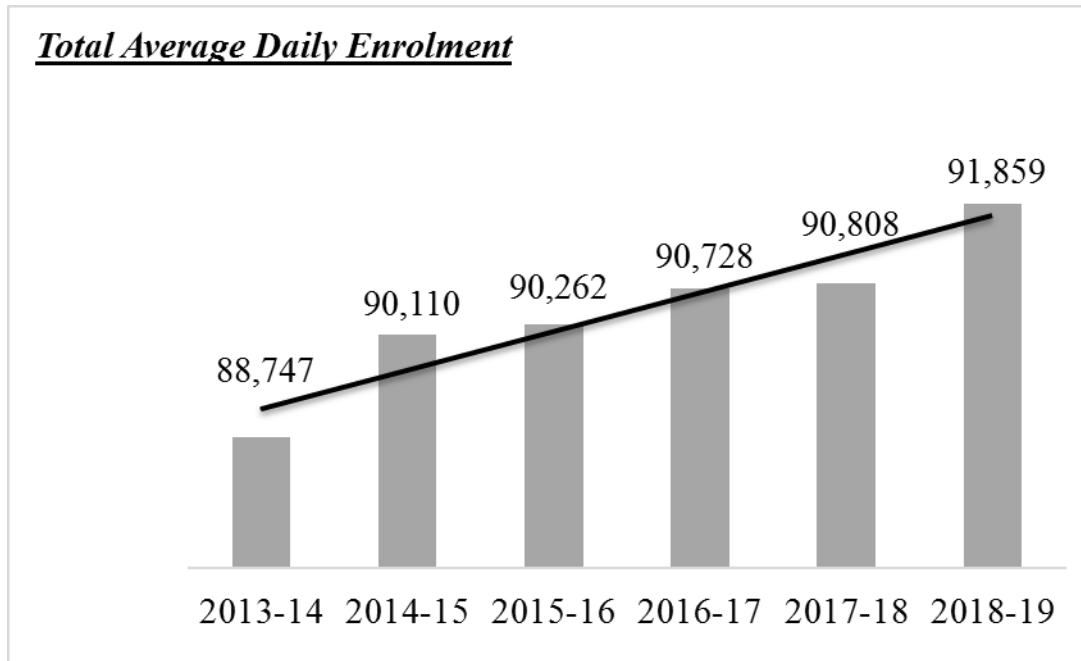
3. ***The Education Act prescribes the conditions under which an in-year deficit is permitted.*** Based on the Education Act, the Board is allowed to carry the proposed in-year deficit of \$5.0M, which is not greater than 1% of the TCDSB's operating revenues.

## D. EVIDENCE/RESEARCH/ANALYSIS

1. ***The key component to the development of the Revised Budget Estimates is updated enrolment forecasts for 2018-19.*** In order to recalculate the Average Daily Enrolment (ADE), updated enrolment projections use the actual October 31, 2018 enrolment counts. The March 31, 2019 enrolment

projections use a 100% retention rate for the elementary panel and a 97.76% retention rate for the secondary panel based on historical trends.

2. **Overall, enrolment has increased.** In comparison to the original 2018-19 estimated ADE, the 2018-19 revised estimated elementary ADE has increased by 744, while the secondary ADE has decreased by 100 for an overall increase in enrolment by 644 ADE.



A comparative enrolment analysis is included in the following table:

Panel	Type	2018-19 ADE Budget Estimates	2018-19 ADE Revised Estimates	Change + / (-)
<b>Elementary</b>	Regular	61,960	62,662	702
	VISA Students	54	96	42
	<b>Sub Total</b>	<b>62,014</b>	<b>62,758</b>	<b>744</b>
<b>Secondary</b>	Regular	26,819	26,919	100
	VISA Students	1,267	1,208	(59)
	Msgr. Fraser	1,115	974	(141)
	<b>Sub Total</b>	<b>29,201</b>	<b>29,101</b>	<b>(100)</b>
<b>Total ADE</b>		<b>91,215</b>	<b>91,859</b>	<b>644</b>

3. *The overall Grants for Student Needs are projected to increase.* TCDSB is projected to derive 92.8% of its operational revenues from the Provincial Grants for Student Needs (GSNs). The remaining funds are received in the form of Education Programs - Other (EPOs) grants and other government agencies. Total funding is expected to increase by approximately \$8.6M. 2018-19 Revised Budget Estimates for Revenue projections are as follows:

<i>Funding Source</i>	<i>2018-19 Budget Estimates (\$M)</i>	<i>2018-19 Revised Budget Estimates (\$M)</i>	<i>Change (\$M)</i>
GSNs	1,058	1,061	3
EPOs	82	88	6
<b>Total</b>	<b>1,140</b>	<b>1,149</b>	<b>9</b>

4. *Budgeted Revenues increased by \$8.6M due to the following:*

- Pupil Accommodation grants increased by \$3.9M due to enrolment.
- Special Education grant increased by \$1.3M for more classroom support.
- Continuing Education grants decreased by (\$5.9M) because the International Languages program has become part of the regular instructional day.
- Other Grants and Revenues increased by \$5.9M due to the one time increase of \$3.6M for the International Languages “transition” program from the Ministry, increased Rental fees of \$1.0M, and additional funding for various projects of \$1.3M.
- Increase to the Teacher Qualification and Experience grant of \$3.4M due to higher qualified teachers and increased staffing numbers.

5. *Budgeted Expenditures increased by \$11.3M due to the following:*

<i>Instructional Expenditure Categories</i>	<i>2018-19 Budget Estimates (\$M)</i>	<i>2018-19 Revised Budget Estimates (\$M)</i>	<i>Change (\$M)</i>
Classroom Teachers	631.6	641.0	9.4
Professionals & Paraprofessionals	53.8	53.8	0.0
In School Administration	68.8	68.7	(0.1)
Textbooks & School Computers	35.9	36.0	0.1
Education Assistants	54.4	54.3	(0.1)
Continuing Education	23.8	23.2	(0.6)
Resource Teachers	5.5	5.5	0.0
Occasional Teachers	29.4	32.7	3.3
Early Childhood Educators	27.2	27.1	(0.1)
Staff Development	2.9	2.9	(0.0)
<b>Sub Total</b>	<b>933.1</b>	<b>945.2</b>	<b>12.1</b>
Other Non-Operating	41.9	41.1	(0.8)
<b>Total</b>	<b>975.0</b>	<b>986.3</b>	<b>11.3</b>

- Classroom Teacher costs have increased by \$9.4M due to enrolment (\$5.9M) and the additional cost to deliver the IL program during the regular instructional day (\$3.5M).
- Occasional Teacher costs of \$3.3M continue to rise as the annual average sick days for short-term disability has increased for 2018-19 fiscal year.
- Continuing Education costs have dropped by (\$0.6M) as there has been a decrease in summer school projections.
- Other Operating Expenditures grants have decreased by (\$0.8M) due to decreased funding for various projects.
- Appendix A provides more detail by functional area.

6. ***The resulting In-Year Operating Deficit for the Instructional Category is (\$3.5M).*** 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 revised detail sheets that should replace those in the current version of the 2018-19 “Budget Book”, which was published in June 2018.
7. ***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 Instructional Budget Estimate including a deficit of (\$3.5M), with such deficit to be funded by the previously approved reservation of funds from the 2017-18 in-year surplus.