REPORT TO

AUDIT COMMITTEE

2019-20 BUDGET SETTING PLAN & CONSULTATION

"A generous man will himself be blessed, for he shares his food with the poor."
Proverbs 22:9

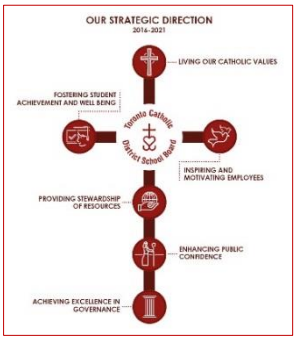
Created, Draft	First Tabling	Review
March 5, 2019	March 21, 2019	March 26, 2019

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INFORMATION 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

D. Koenig
Associate Director
of Academic Affairs

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

A. EXECUTIVE SUMMARY

1) ***This report provides a framework to Trustees and the School Community for a proposed approached to developing the next budget.*** This report provides an overview on:

    a) Preliminary discussion on budget setting approaches for the 2019-20 fiscal year and beyond;
    b) Pre-identified fiscal risks in the 2019-20 school year; and
    c) The community engagement process for the upcoming budget.

2) ***This is one in a series of reports that provides budgetary information for consultation and discussion, ending in an approval of next year's budget estimates.*** The information provided in this report is based on preliminary estimates at this point in time. The 2019-20 Grants for Student Needs (GSN) announcement from the Ministry of Education (EDU) is expected at the end of March or early April 2019 and will have an impact on the 2019-20 fiscal year. The following reports are expected in the series, culminating in establishing an approved fiscal year budget:

    a) Student Enrolment Report (March 2019)
    b) Staffing Allocation Report (March 2019)
    c) Budget Planning and Consultation Report (March 2019)
    d) GSN Update Report (April 2019)
    e) Preliminary Budget Estimates for Consultation (May 2019)
    f) Budget Estimates for Approval (June 2019)
    g) Revised Budget Estimates for Approval (December 2019)

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

B. PURPOSE

1. ***This report introduces the 2019-20 budget process.*** This report seeks to inform Trustees and the School Community on the proposed financial planning framework for this year's budget process. It provides an early indication of potential fiscal pressures that may arise within the development of the budget. Finally, it seeks Board approval of the Community Consultation plan.

C. BACKGROUND

1. ***Budget setting for a School Board is a legislated process, but has strategic importance.*** Under the Education Act (Section 232), the Board is required before the beginning of each fiscal year to prepare and adopt estimates of its revenues and expenses for the fiscal year and must submit this information to the Ministry by end of June each year. The Budget process is an important planning tool for the development of an effective and balanced budget in order to provide a range of necessary resources, supports and programs to the Board's students.

2. ***The Multi-Year Strategic Plan (MYSP) provides the overarching strategic direction and principles that should drive the budget process.*** Students are always the Board's primary focus and are represented in all six strategic directions found within the MYSP. TCDSB is committed to offering programs and services which challenge all students to achieve their personal best. TCDSB also strives to make effective, efficient, and innovative use of resources, based on sound planning, and the best available information. Inherent in the budget process is the allocation of available resources to address student needs.

3. ***The previous few budget years have experienced significant fiscal constraints.*** The following list of fiscal challenges have exerted considerable influence on the Board's last few budget processes and have necessitated very difficult decisions regarding a wide array of program and staffing service levels. In the past, changes to the GSN Model have resulted in reductions to TCDSB's operating funds in certain areas. The changes included changes to the School Foundation Grant, Differentiated Special Education Needs Amount (DSENA), Administration and Governance, School Operations and Declining Enrolment Adjustment grants. These reductions along with pressures in the areas of Special Education, Transportation, and Occasional Teachers contributed to the TCDSB being in a deficit position and engaging in a four-year Multi-Year Recovery Plan (MYRP) since 2015-16.

4. ***TCDSB has ended its MYRP and is projecting an accumulated surplus at the end of this 2018-19 fiscal year.*** The 2018-19 Revised Estimates project a year-end accumulated surplus of $31.6M.

5. ***The Ministry has provided an early signal that fiscal constraint will be present in the budget setting process.*** On February 28, 2019, the Ministry released B06: Memorandum advising boards to defer the annual process of filling vacancies for retirements and other leaves related to teachers and other staff (refer to Appendix A). The Ministry of Education further indicated that the Ontario government had implemented a hiring freeze in June 2018 and that School Boards may wish to institute similar measures. In addition, the memorandum referred to existing public consultations regarding class sizes and hiring practices.

D. EVIDENCE/RESEARCH/ANALYSIS

This section is broken down further into the following two sub-sections:

a) Financial Planning Framework
b) Budget Risks and Uncertainties

(a) FINANCIAL PLANNING FRAMEWORK

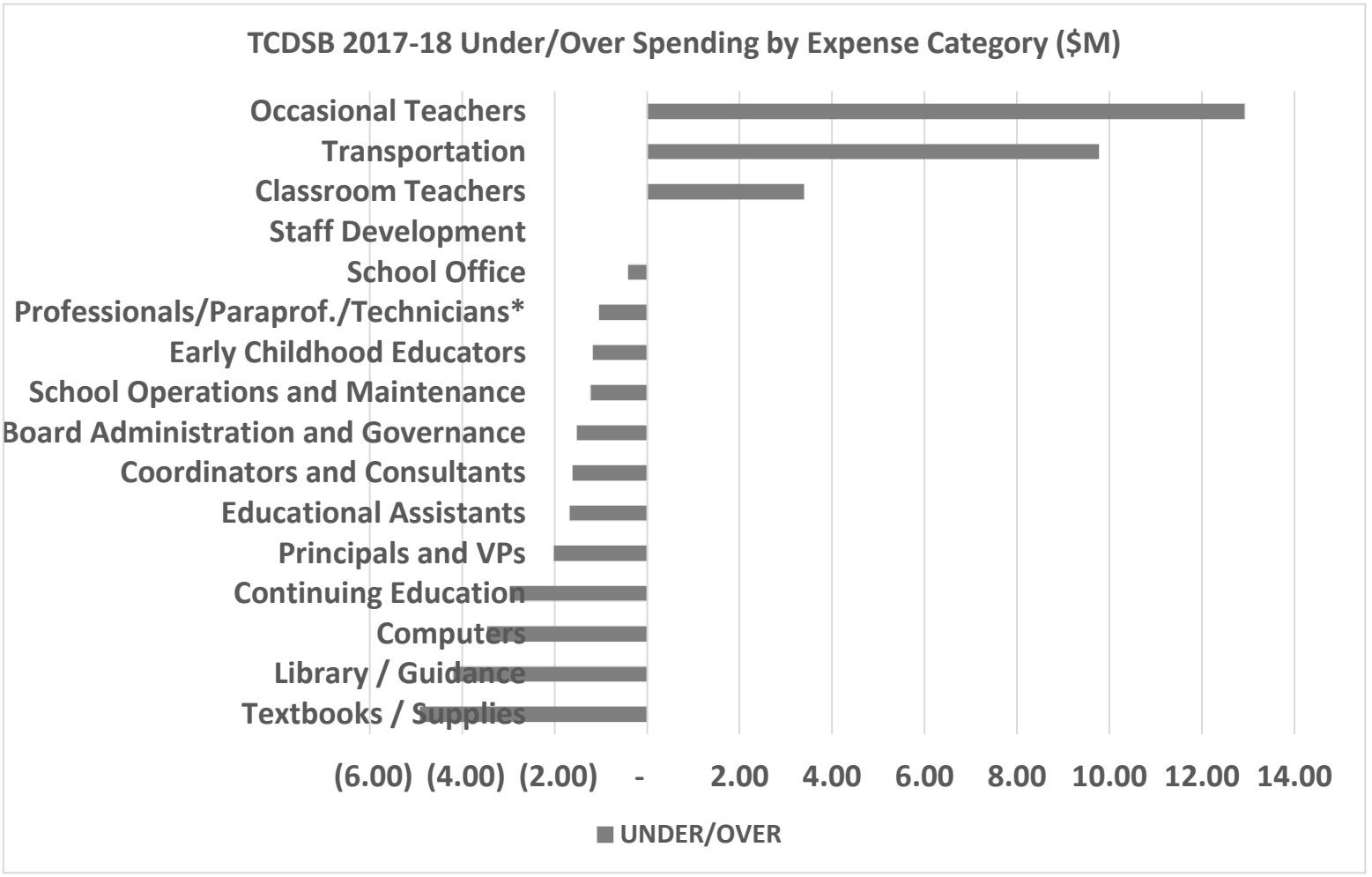
1) ***The standard internal budget process began in January.*** For the 2019-20 budget year, TCDSB staff commenced its budget development process in January 2019 with the development of timelines and preliminary projection assumptions. A summary of the 2019-20 Budget process and timelines is provided in the report.

2) ***The budget is the Board's fiscal plan that supports the delivery of educational programs and services.*** The fiscal plan should be driven in large part by the Board's MYSP. It also provides the authority for administration to spend funds on a variety of programs and services. It is important that the budget be developed in a thoughtful manner and that the decisions respecting the expenditure of funds carefully weigh the impacts and benefit to stakeholders across the near and long-term horizons.

3) ***The Board's historic budget decisions have led to the current mix of under and over spending that define the Board's current service levels.*** The Board continues to monitor its programs and staffing allocations to ensure that it is providing services to its students while complying with Ministry requirements and pursuing the system priority of student achievement and well-being. Figure 1 provides the current areas in which the Board has chosen to under and over spend in order to provide the student wellness and achievement progress it seeks while maintaining a balanced budget. The provincial average of under/over

spending is also provided for illustrative purposes. The budget process is the opportunity to revisit whether this mix of service levels is the most optimal to achieving the MYSP and most importantly, ultimately beneficial to students.

Figure 1: Under and Over Spending Vs. Provincial Funding



4) ***The current year's financial planning begins with understanding projected student enrolment and staffing.*** The projected student enrolment and staffing projection reports align with each other and will be submitted for approval in March. Once these levels are determined, TCDSB programs and services will continue to be reviewed for equitable, effective and efficient measures to improve delivery of services to all students. Figures 2, 3 and 4 provide very early

estimates of revenue/expense, student enrolment and accumulated surplus/deficit for 2019-20 along with historical comparisons. These estimates will change as better data is obtained related to student enrolment, staffing projections, GSN formula changes and more information becomes available regarding other identified risks. Growing student enrolment projections show an increase of 259 Average Daily Enrolment (ADE) students. These early estimates show a balanced budget, based on known Education Program –Other EPO reductions of $812K and the loss of the 2-year guarantee of ***Local Priorities Amount*** of $11.1M GSN funding, and further assuming expenditure budget cuts of a similar nature are made. However, as stated earlier many factors still need to be considered before arriving at a preliminary budget for consideration by the Board.

Figure 2: Revenue vs Expense

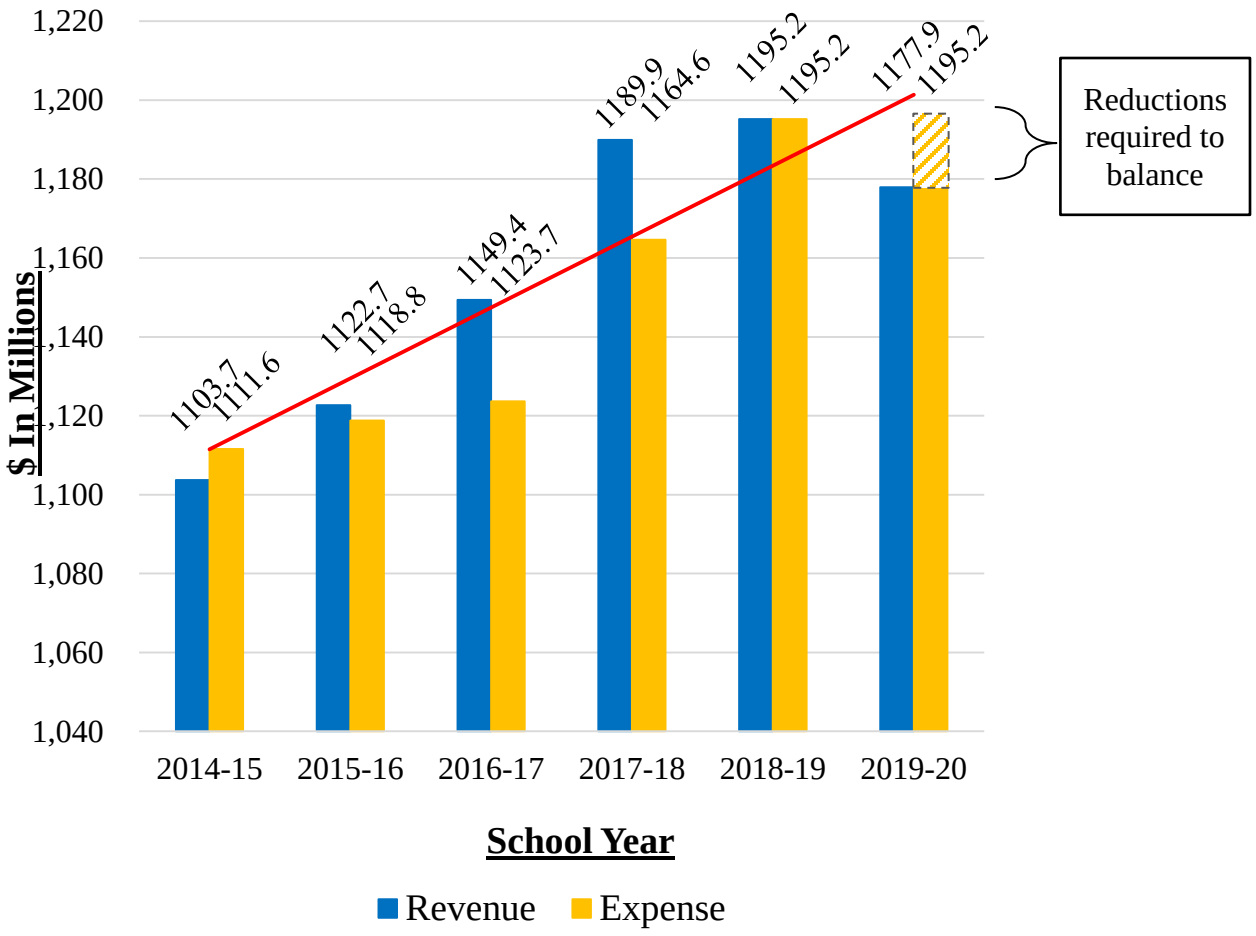


Figure 3: Total Average Daily Enrolment

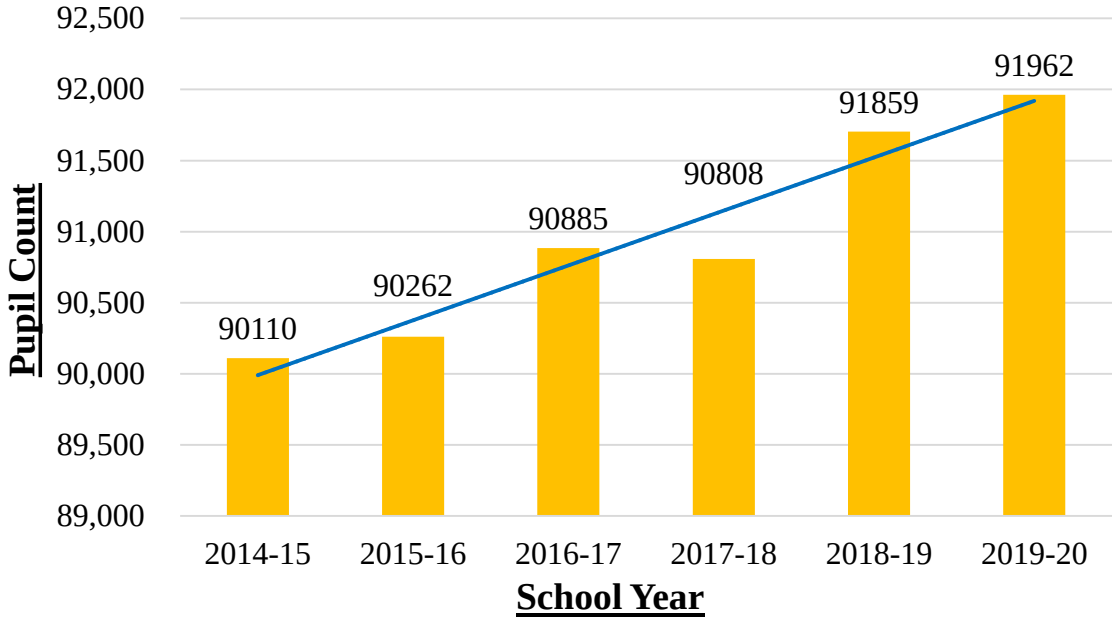
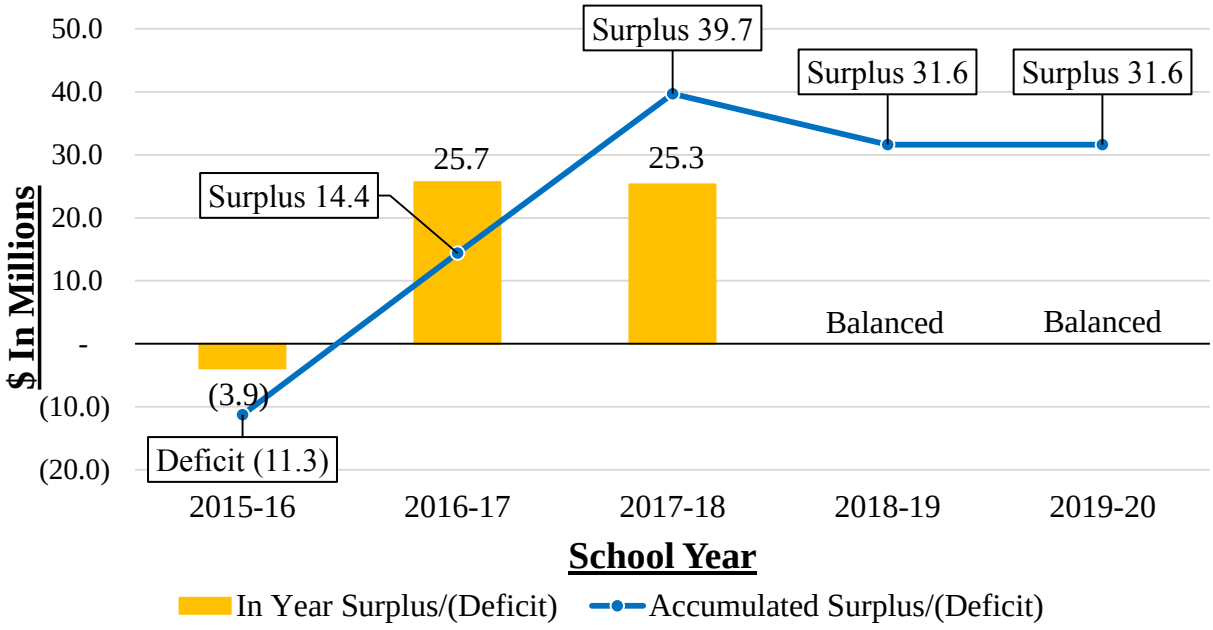


Figure 4: Accumulated Surpluses / (Deficits)



Note: 2018-19 Accumulated Surplus will be reduced by funding the one-time budgetary pressures approved by the Board of Trustees, i.e. the International Languages program of $5.2M, School Block Budget of $2.0M, Human Resource funding of $0.3M, Lunchtime supervisors of $0.3M and Priority Schools Funding (EPO reduced) of $0.3M for a total of $8.1M.

(b) BUDGET RISKS & UNCERTAINTIES

1) ***Certain fiscal risks will unfold over the proceeding couple of months that will impact the budget process.*** These risks will need to be monitored closely as the budget development process progresses. Staff will report on these risks as part of the Preliminary and Budget Estimate presentations. Depending on the magnitude of the impacts, the Board may be faced with service level reduction decisions later in the process. A list of these risks ranked by likelihood and impact is provided below.

   i. ***The Provincial Government has signalled fiscal balancing as a primary part of their mandate.*** The newly formed Provincial Government commissioned a line-by-line fiscal study of the Province's financials. Contained within that study was messaging that the Province intends to reduce the net budget by at least approximately 4%. This principle is the basis by which staff are preparing for the 2019-20 budget estimates.

   ii. ***Education Program – Other (EPO) grants reductions to date equal $0.812M***. The recently announced reductions to Education Program Other Grants can be categorized into the following:

Category	Reduction
At Risk Youth	($83,476)
Community	($538,549)
Indigenous	($15,000)
Leadership	($47,312)
Physical Activity	($77,120)
Post-Secondary Students	($35,000)
Special Ed	($15,990)
Grand Total	**($812,447)**

   iii. ***The "Local Priorities Amount" is likely an area to be eliminated by the Province.*** The Local Priorities Amount was an amount provided by the last Government to School Boards for employee contract extensions for the period 2017-2019. It was intended for programs such as more special education staffing to support children in need, "at-risk" students, adult education and job reduction mitigation strategies related to declining enrolment and other exceptions. This fund was identified by the Auditor General as not being utilized for its intended purposes at several School

Boards and it was limited to a two-year duration by the last Government. Given this context, it is reasonable to conclude that a reduction in the upcoming GSNs is forthcoming during the spring 2019 announcements. TCDSB currently receives $11.1M for Local Priorities and it equates to 119 Full-Time Equivalent (FTE) positions that spans almost all employee groups. Appendix B contains the listing of positions that this amount currently funds.

iv. ***The continuance of the International Language (IL) Program has been signalled as a primary focus for this Board.*** While the value of the IL program has been confirmed by both Trustees as well as through parent surveys, based on current labour arbitration settlements as well as certain legislative prescriptions, the TCDSB may see the IL program lose all funding for the 2019-20 school year. If this were the case, the TCDSB would need to find approximately $8.8 million in savings elsewhere to continue the program in 2019-20. This obviously has the potential to be offset, should the current Provincial Government agree to fund all or part of the program.

v. ***Occasional Teacher Costs continue to rise.*** For the current 2018-19 fiscal year, Occasional Teacher costs are trending close to budget at this point in time. The risk is that these costs could increase this year assuming a full Occasional Teacher roster, and/or staff absenteeism rates continue to increase.

vi. ***Inflation Assumptions could be higher than expected.*** Utility costs continue to trend higher and the budget estimates are based on historical costs and projected increases. If costs increase higher than anticipated, this could create a cost pressure in this area. The current trend is that utility costs are trending at 6% well above the EDU funded increase for inflationary costs of 2%.

vii. ***Benefit Trusts producing higher costs than expected.*** The various employee groups have moved to their respective Benefit Trusts. The remaining supply staff within CUPE and OECTA remain with TCDSB's existing benefits providers and will not be transitioned to the trusts for the time being. Consequently, the TCDSB may experience higher premiums due to the reduced number of employees remaining in the TCDSB Group Benefits Pool due to the smaller numbers of staff. This could increase benefit costs for TCDSB.

viii. ***Enrolment projections to actuals could be lesser than expected.*** Any variances to planned consensus enrolment projections may impact final calculated GSN revenues.

ix. ***School Block motion to return to 2014-15 level***. At the June 6, 2018 Board meeting a motion was passed for the permanent restoration of school block budget to the 2014-15 budget allocation levels as part of the 2019-20 budget estimates planning and consultation process the costs to restore to the 2014-15 levels would be $1.7M.

x. ***Funding of Lunch Room Supervisors***. At the December 12, 2018 Board meeting a motion was passed to reallocate funds to maximize the money provided by the Province for lunchroom supervisors. On January 17, 2019 at the Corporate Services Board meeting a motion was passed to fund the cost of $0.3M for the lunchroom supervisors from the Accumulated Surplus for the 2018-19 fiscal year.

E. IMPLEMENTATION, STRATEGIC COMMUNICATIONS AND STAKEHOLDER ENGAGEMENT PLAN

1. Based on the information being considered for the 2019-2020 Budget, engagement of community stakeholders will be conducted at the level of **"Consult"** – which may be used for regular annual budget consultations. The "Consult" level as defined in the policy is:

   > *"To obtain input from community members and the general public on proposed Board directions and decisions."*

   The continuum comprises of six levels of engagement that may be sought with community members including: Inform, Consult, Involve, Collaborate, Consensus, and Empower.

2. The consultation plan complies with Community Engagement Policy T.07, and reflects the desire expressed by the Board of Trustees to ensure that the community engagement process and communications plan includes invitations to **all** TCDSB community stakeholders to participate.

3. Input and feedback received during this process will be presented at the May 9, 2019 Board meeting to inform Trustees as they finalize the budget for the 2019-2020 fiscal year for submission to the Ministry of Education by the June 30, 2019 deadline.

4. To optimize stakeholder input, the parameters for public consultation and communication is guided by these key factors:

   a) Empower local communities to encourage participation in the pre-budget consultation process. A section of the TCDSB website will be transformed into a "mini-website" dedicated as a community resource to provide information about the 2019-2020 budget consultation process. The website will feature a video explaining the budget consultation process, how people can provide input, a Frequently Asked Questions (FAQs) information sheet, and an online budget feedback tool used previously for the Multi-Year Recovery Plan and 2018-2019 budget process.

   b) To facilitate the need to be inclusive by overcoming language, cultural and socio-economic access barriers, a customized TRANSLATE tool has been developed to take advantage of GOOGLE Translator so that TCDSB stakeholders can access all budget information on the budget website in the language of their choice.

   c) Enhance face-to-face opportunities by aligning consultation process with dates for pre-scheduled Standing Board/Committee meetings (see chart below) parent engagement committees (CPIC, OAPCE-Toronto), Board advisory committees (e.g. SEAC), and Student leadership meetings (ESCLIT, CSLIT).

   d) With the launch of a resource based website, set the expectation that each CSPC submit a survey on behalf of their members utilizing their April meeting.

5. The Communications Plan will also be aligned to support the budget engagement process through:

   - Director's Bulletin Board
   - Weekly Wrap Up, web (TCDSB's external and internal portal)
   - E-news
   - Social media (i.e. Twitter, instagram)
   - Trustee newsletters and traditional school newsletters
   - Email blast announcing launch of consultations to CPIC, SEAC, OAPCE, CSPC, employee unions and associations, schools and staff
   - Collaboration with the Archdiocese to publish information for inclusion in individual parish bulletins and parish website links
   - Letter to parents with information about key dates and opportunities for participation—to be distributed throughout our schools

Who will be invited to participate:

- Parents/Guardians
- Student Leaders (CSLIT and ECSLIT)
- Community Leaders and Members (CSPCs, CPIC, OAPCE-Toronto etc.)
- All Employees and employee groups (Teachers/Support Staff including the federations TECT, CUPE and TSU)
- Special Education Advisory Committee (SEAC)
- Principals/Vice Principals
- Parishioners and Catholic Stakeholders (via Archdiocese)
- General Public (via PSAs, Community newspaper calendars, Twitter, TCDSB website)

2011-2018 Consultation Summary:

In previous years, the board has explored a number of different engagement tools including regional sessions, delegations to board, online surveys and virtual town halls with varying levels of participation. Below for your reference is a summary of past consultation processes and applicable responses.

Budget Year	Consultation Process	Survey Respondents	Attendance
2011-2012	Regional in person sessions: Brebeuf, St.Thomas More, Our Lady of Lourdes, St. Robert Online surveys and hard copy surveys distributed	225	Some sessions had between 0-1 in attendance while one session had ~30
2012-2013	Online surveys and hard copy surveys distributed	482	N/A
2013-2014	Online surveys with distribution	238	N/A
2014-2015	Virtual Town Hall requesting minimum of 1 response per school	87	~24 questions submitted
2015-2016	Multi-year recovery plan consults included virtual town hall, online survey, targeted in-person engagements	N/A	~12 questions submitted
2016-2017	Online survey, delegations to board, targeted in-person engagements	1139	N/A
2017-2018	Online survey, delegations to board, targeted in-person engagements *Proposal to charge for parking at all school sites was under consideration	4360	N/A
2018-2019	Online survey, delegations to board, targeted in-person engagements	435	N/A

For Consideration:

1. Launch web portal with toolkit to empower local school/community engagement along with survey dissemination.

2. Hold Regional Meetings covering East/West /Central areas with Trustees and staff support along with web portal launch and survey dissemination.

F. ACTION PLAN

DATE	PUBLIC CONSULTATION ACTIVITY
1) Wednesday, April 3, 2019 Community Consultation Launch (Subject to Board of Trustees Approval at March 21, 2019, Corporate Services meeting)	• **GO LIVE** with online HTML web-based 2019–2020 Budget consultation pages on website, video and toolkit. • Invitation letter from Chair and Director to Parents, Principals and chairs of CSPC, CPIC, OAPCE (Toronto), SEAC, CSLIT/ECSLIT, to participate in public consultations. • Communication sent to Archdiocese (via Communications Dept.) for distribution to individual parishes to encourage Catholic community/ stakeholder involvement
2) April 3 – May 3, 2019 Online Budget Feedback Tool	• Anonymous online input tool to inform Trustee deliberations on budget
3) Thursday, April 4, 2019 Student Achievement Committee	• Opportunity for public deputations regarding budget
4) Thursday, April 11, 2019 Corporate Services Committee Meeting	• GSN and Budget update for 2019-20 • Opportunity for public deputations regarding budget
5) Tuesday, April 23, 2019 Special Education Advisory Committee (SEAC) Meeting	• Budget discussions with SEAC members for input and recommendations.

DATE	PUBLIC CONSULTATION ACTIVITY
6) Wednesday, April 24, 2019 Regular Board Meeting	• Budget consultation update for Trustees. • Opportunity for public deputations regarding budget
7) Tuesday, April 2019 (TBD) OAPCE-Toronto Meeting	• Budget discussions with OAPCE-Toronto members for feedback
8) Wednesday, April, 2019 (TBD) ESCLIT/CSLIT	• Budget information and options discussed with student leaders
9) May, 2019 (Date TBD) Meeting with Union Partners	• Consultation and discussion of budget.
10) Thursday May 2, 2019 Student Achievement Committee Meeting	• Opportunity for public deputations regarding budget
11) Thursday, May 9, 2019 Corporate Services Committee Meeting	• Presentation of results from Budget Consultation process • Opportunity for public deputations regarding budget options.
12) Monday, May 13, 2019 CPIC Meeting	• Budget discussions with CPIC members for feedback
13) Thursday, June 6, 2019 Corporate Services Committee meeting	• Final opportunity for delegations. • Final vote on approval of 2019-2020 Budget for submission to the Ministry of Education by June 30, 2019.

G. CONCLUDING STATEMENT

1. This report is for the information of the Audit Committee.