



REPORT TO

**CORPORATE SERVICES, STRATEGIC
PLANNING AND PROPERTY
COMMITTEE**

**2018-19 SECOND QUARTER FINANCIAL STATUS
UPDATE**

“Whatsoever thy hand findeth to do, do it with all thy might.”
Ecclesiastes 9:10

Created, Draft	First Tabling	Review
March 19, 2019	March 26, 2019	April 11, 2019

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INFORMATION REPORT

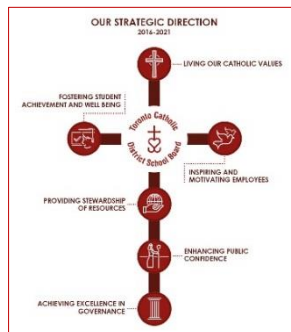
Vision:

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

This Financial Update Report as at February 28th, 2019 provides a year-to-date look at significant financial activities at the Board and was first presented to the Audit Committee on March 26, 2019.

This is the second update for fiscal 2018-19 using the Revised Estimates approved by the Board of Trustees in December 2018. The Board is on target to end the year with a balanced budget. A more detailed variance summary is attached as Appendix A.

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

B. PURPOSE

The Financial Update report is required to keep Trustees informed on the Board's financial performance through the year and illustrate any variance in expected outcomes. The report will provide a systematic analytical review of Operating and Capital Budgets, in the following order:

- High Level Review and Risk Assessments of Operating Budget
- Staff Absenteeism and Employee Family Assistance Program
- High Level Review of School Renewal and Capital Projects

C. BACKGROUND

1. *This report is recognized as a best practice in the province.* The Ministry of Education and the District School Board Reporting Workgroup have both identified regular periodic financial reporting as a best practice in managing the Board's financial outcomes.
2. *Year to year comparisons can be slightly skewed.* When comparing the percentage spent to this period last year, it is important to note that YTD February 2019 had 1 additional teaching day compared to YTD February 2018.

D. EVIDENCE/RESEARCH/ANALYSIS

HIGH LEVEL REVIEW AND RISK ASSESSMENTS OF OPERATING BUDGET

1. ***Salary and Benefit expenditures are expected to finish on or below target for this academic year.*** Overall, in the Salary and Benefits area, Figure 1 below illustrates the current risk exposure. This expenditure category is the most closely monitored risk, as it comprises the largest portion of the operating budget. These expenditures are expected to be on track at this time.

Figure 1: Salary and Benefits Variance / Risk Analysis

	<i>Actual to Budget</i>		<i>Actual to Previous Year</i>		<i>Risk Assessment</i>
<i>Instructional Salaries</i>	↓	3.1%	↓	0.9%	●
<i>Instructional Benefits</i>	↓	12.2%	↓	1.2%	●
<i>Non-Instructional Salaries</i>	↑	0.1%	↑	3.1%	●
<i>Non-Instructional Benefits</i>	↓	3.5%	↓	4.7%	●

● = Low: On Track ◆ = Medium: Monitor ◆ = High: Action Required

Salaries are tracking very close to budget for both Instructional and Non-Instructional categories. All employee groups are moved to the benefit trusts as of June 1st 2018. Benefits are tracking to finish on budget.

2. ***At an aggregate level, total other expenditure categories (besides salary and benefits) are expected to finish on or below target.*** Overall, in the Non-Salary area, Figure 2 below illustrates the current risk exposure.

Figure 2: Non-Salary Variance / Risk Analysis

	<i>Actual to Budget</i>		<i>Actual to Previous Year</i>		<i>Risk Assessment</i>
<i>Instructional Expense</i>	↓	17.6%	↓	8.2%	●
<i>Transportation Expense</i>	↓	5.6%	↓	3.8%	●
<i>Operations & Maintenance</i>	↓	8.7%	↑	6.2%	◆
<i>Other Administrative</i>	↑	1.7%	↑	0.7%	●

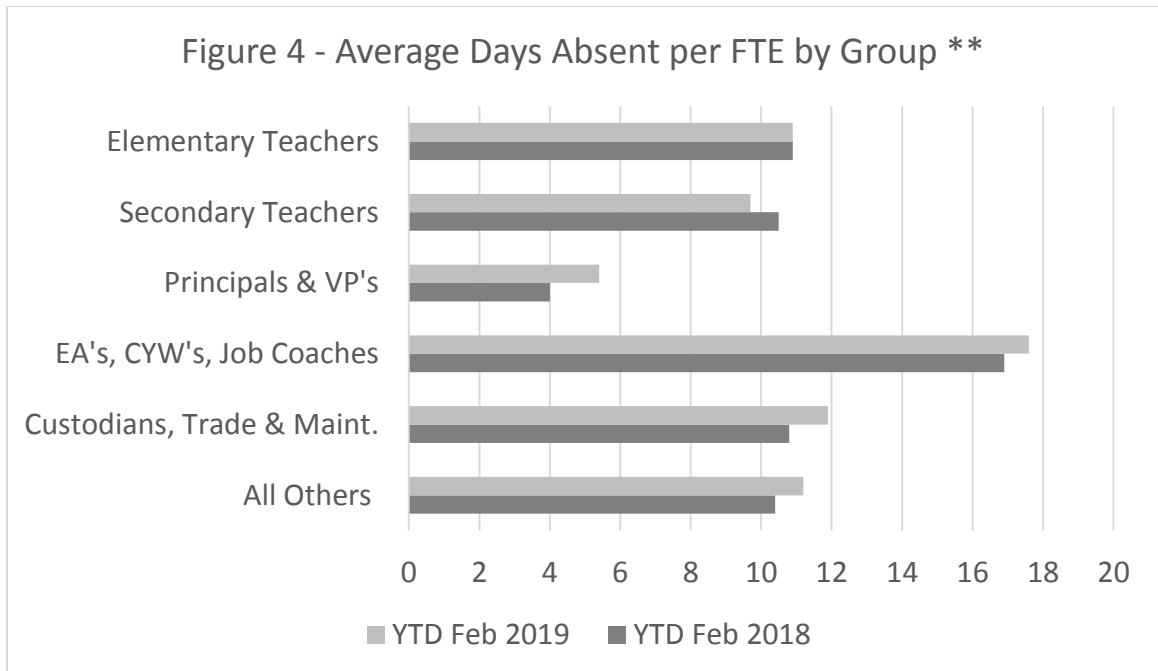
While Instructional expenses are tracking low compared to budget, they are considered a low risk because the timing of expenditure recognition is subject to annual variations and unspent school block funds are carried forward. Other Revenue Related expenses are monitored and expected to come in at Budget.

3. ***Grant Revenue from the Province projected to remain unchanged from the Latest Estimates.*** Grants for Student Needs (GSNs) revenue is expected to remain unchanged and all indications from the current Provincial Government is that they will not be affected in the 2018-19 school year.
4. ***“Education Program – Other” or “EPO” Revenues are projected to decrease by a minimum of \$812K, based on the most recent Ministry announcements.*** Recent updates provided by the Ministry of Education mitigate the anticipated reduction to EPO funded initiatives. The conversion to application-based EPO funding agreements could potentially reduce the funding reduction.
5. ***Additional Funding of \$369K for Special Education*** was recently announced. The Ministry of Education announced additional funding for new students with the Autism Spectrum Disorder entering schools beginning in April 2019 and into the 2019/20 school year.

STAFF ABSENTEEISM AND EMPLOYEE FAMILY ASSISTANCE PROGRAM

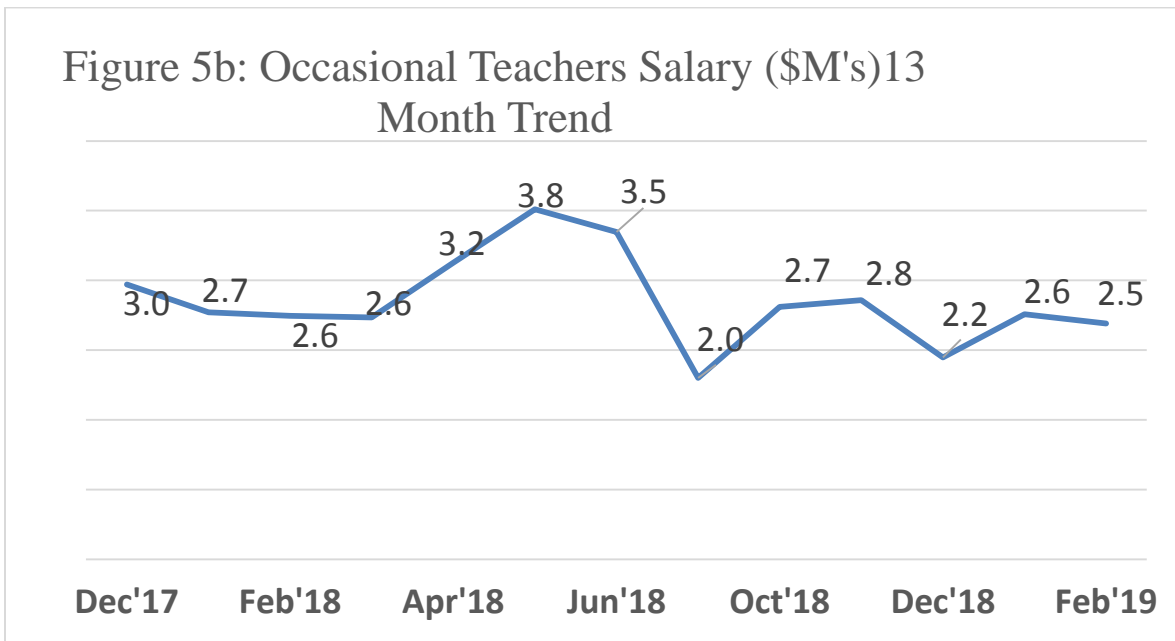
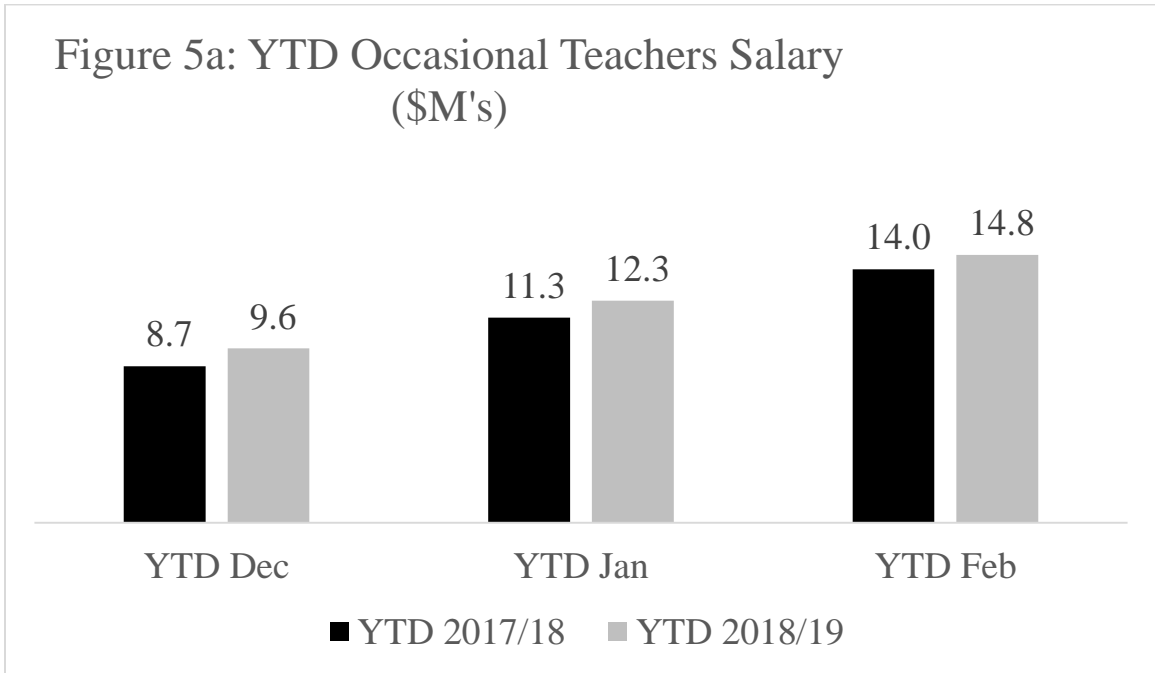
6. ***Staff Absenteeism Rates have increased and Occasional Fill Rates have declined.*** Recent statistics provide evidence that overall staff absenteeism rates experienced an increase of 1,947 days. Secondary teachers experienced a year over year decrease and Elementary teachers remained relatively constant. Despite this, total Occasional Teacher expenditures have risen by 11.1% when compared to the same period last year.

Figure 4 provides a year-over-year comparison of staff absenteeism. Elementary Teachers, Principals/VP's, Education Assistants (EAs), Child and Youth Workers (CYW), Job Coaches, Custodians/Maintenance and Other school board employees are all showing an increase in days absent. These increases were slightly offset by a decrease in days absent for Secondary Teachers. The following chart compares average absence utilization by employee type as of February:



** Absence days are Category A&B and are inclusive of: Personal Illness Days, Non-Personal Illness Days, Bereavement, Compassionate Leave, Health & Safety Inspections, In Lieu of Planning, Jury Duty/Subpoenaed as Witness, Recoverable, Special Circumstances, Special Permission and Suspension.

7. ***Staff absenteeism due to personal illness continues to be an area of concern for the Board.*** Despite the rise in Occasional Teacher costs shown in Figure 5a, they are expected to end in line with budget as staff proactively increased the Occasional Teacher Budget in the Revised Budget Estimates last fall in anticipation of this increase. Figure 5b illustrates the 13-month trend. The 2nd quarter of the school year experienced the same level of salary when compared to prior year. This graph highlights any trends in absenteeism by month, year over year.



8. *The Board has invested in employee wellness by purchasing an Employee Family Assistance Program (EFAP).* The Board purchased an EFAP in December 2017. The data collected to February 28, 2019 show that usage rates spiked in the fall months. This is largely driven by promotion of the program as there is a direct connection to supporting employees and their workplace engagement and attendance. Figure 6 provides the services accessed by month and Figure 7 provides information on the types of services accessed.

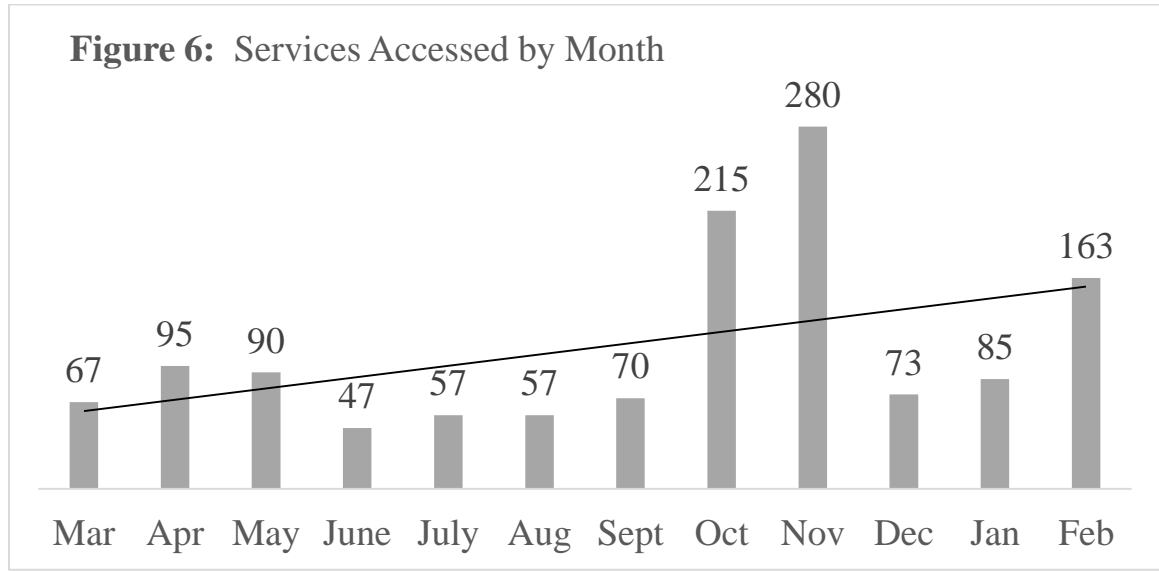
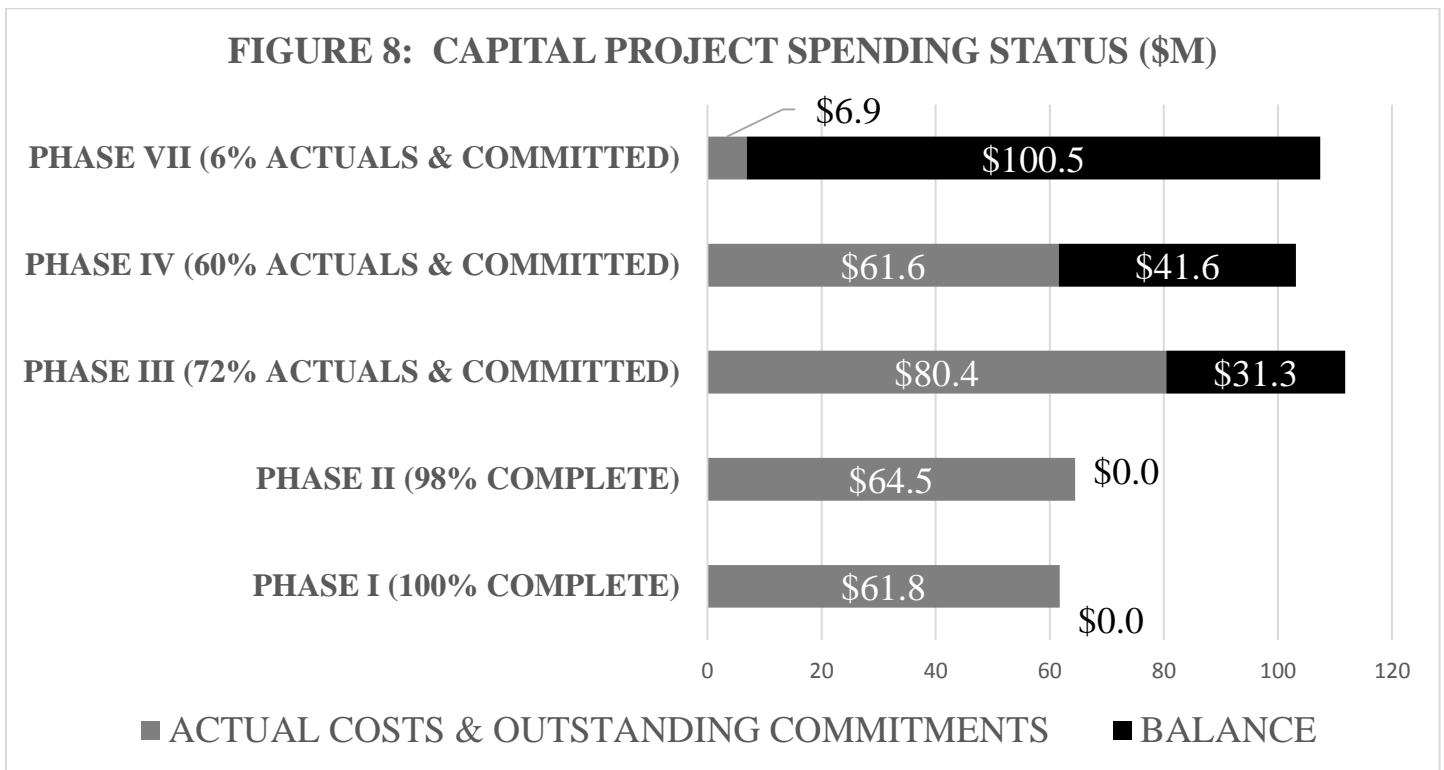


Figure 7: Counselling Service Types

	Q1	Q2	Current YTD		Previous YTD		Industry Average	National Norm
Addiction Related	2	2	4	0.7%	15	4.0%	1.7%	2.5%
Couple / Relationship	59	36	95	16.6%	91	24.0%	23.5%	23.0%
Family	26	31	57	10.0%	39	10.2%	11.9%	10.9%
Personal / Emotional	201	109	310	54.3%	204	53.6%	50.7%	50.5%
Work Related	56	49	105	18.4%	31	8.2%	12.2%	13.2%
Total	344	227	571	100.0%	380	100.0%		

HIGH LEVEL REVIEW OF SCHOOL RENEWAL AND CAPITAL PROJECTS

9. **THE CAPITAL PROGRAM TOTALS \$448 MILLION.** The Board received Capital Project funding for many new schools, additions and childcare spaces. The capital program funding includes Childcare funding and Full Day Kindergarten funding for projects where applicable. Figure 8 illustrates the Ministry approved capital budgets, the amount spent and/or committed, the balance remaining and the percentage completed by each Phase. Appendix B provides more detail regarding the Capital Projects Phases 1 to 7.



Phase I - 16 School Additions

Phase II - 6 New Elementary Schools

Phase III - 5 New Elementary Schools

Phase IV - 8 School Additions & 3 New Elementary Schools

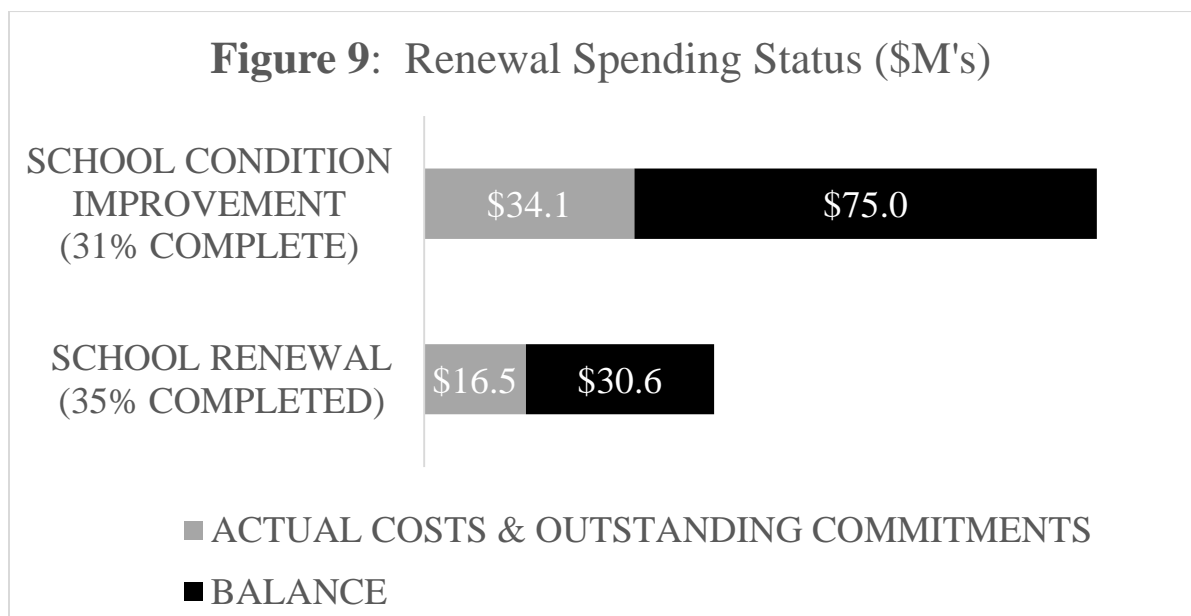
Phase VII - 7 New Elementary Schools

Phase V – Full Day Kindergarten (All Projects Completed)

Phase VI – Projects consolidated into **Phase VII**

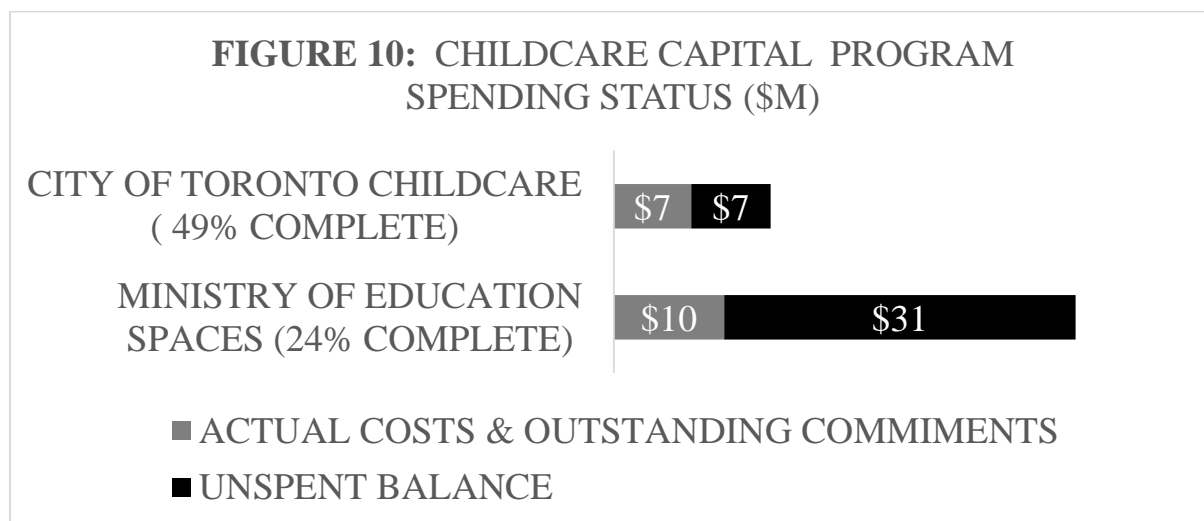
10. ***The Renewal Program consists of major building component replacements and site improvements for a total available at September 1, 2018 of \$158M with funding of approximately \$105M remaining.*** The Renewal Program is funded through several grants such as Regular School Renewal Grant and School Improvement Grant. Staff are currently planning for the upcoming construction season so projects may begin in the summer months. Greenhouse Gas Reduction projects are now complete and funding was overspent by \$42K.

Figure 9 provides a high-level view of the Ministry Approved funding, Actual & Committed Amounts spent and the balance remaining for School Renewal and School Renewal Capital Projects to date and is detailed in Appendix C:



The Board has completed the work committed as part of the Greenhouse Gas Reduction. This funding stream has been discontinued.

The Capital budget also includes two Childcare Program capital projects. The childcare program consists of childcare additions, childcares as part of new school construction and retrofit of existing childcares. Childcare capital funding is received from the Ministry of Education and the City of Toronto for purposes of building childcare space at specific schools. Figure 10 presents the status of progress to date including the percentage complete, actual and committed costs, as well as the balance remaining for both the Ministry and City of Toronto funded childcares.



E. METRICS AND ACCOUNTABILITY

1. ***Revenues and expenditures are tracking to budget.*** The actual revenues and expenditures are tracking to budget at the end of the second quarter.
2. ***ASO benefit surplus could provide an unbudgeted surplus at year-end.*** The one-time extraordinary item (ASO benefit surplus) had a projected balance of \$10.5M for the 2017-18 fiscal year of which \$4.5M was recorded as revenue in the 2017-18 financial statements. The remaining balance of the ASO benefit surplus is projected to be \$5.3M and is expected in the 2018-19 fiscal year.
3. ***In compliance with the Purchasing Policy, the Contract Awards Report will list Tenders and Request for Proposals (RFP) awards.*** This report will be posted on the TCDSB's website, and provide details such as Project/Service/Products, Ward, Supplier and low bid/highest score and total contract amount:

<https://www.tcdsb.org/Board/BoardAdministration/AdministrationOffices/purchasing/TenderingInformation/Pages/Default.aspx>

A Tender award is based on the compliant low bid meeting specifications, and Contractors bidding on construction or maintenance projects must be prequalified.

The report will list the total value of the project over the term of the contract, however, the actual amount may vary depending on the volume of product or services used during the term of the contract. An RFP award is based on the overall highest scoring proposal, and the evaluation is based on the scoring of specific weighted criteria including price.

4. ***Ministry of Education announces a Centralized Procurement initiative.***
The Government of Ontario plans to establish a centralized procurement model for both the Ontario Public Service (OPS) and the Broader Public Sector (BPS) as detailed in Appendix E. Centralization is intended to achieve significant cost savings through product standardization, economies of scale and innovation. The initiative applies to school boards who are part of the BPS.

A set of BPS Interim Measures (Measures) have been introduced. In-Scope for the Measures are new procurements for goods and services (consulting and non consulting) where the value is \$25,000 or higher. Out-of-Scope are procurements related to construction and/or goods acquired solely for resale.

BPS organizations are required to use existing Vendor of Record (VOR) arrangements from Ministry of Government and Consumer Services (MGCS) and the Ontario Education Collaborative Marketplace (OECM) where possible and appropriate. All new contracts including extensions are not to exceed two years. In the absence of an available VOR, boards may proceed to issue a procurement subject to the following:

- Procurement Rationale Report: in the absence of an existing and/or available VOR arrangement, boards must submit this report to the Ministry of Education at least 45 days prior to issuing an In-Scope procurement greater than \$25,000.00.

Additional New Procurement Reporting Requirements for School Boards will be developed as follows:

- Planned Procurement Report: boards must submit a report detailing planned In-Scope procurements for the years 2019, 2020 and 2021.

- Activity Update Report: boards will be required to report at 6-month intervals the details of In-Scope procurements completed in the previous 6-month period; this report must also include updates to the Planned Procurement Report and update any changes to planned procurements or include the addition new planned procurements.

F. CONCLUDING STATEMENT

This report is for the consideration of the Corporate Services, Strategic Planning and Property Committee.