



REPORT TO

AUDIT COMMITTEE

2019-20 BUDGET IMPACTS AND GRANTS FOR STUDENT NEEDS ANNOUNCEMENT - OVERALL AND INSTRUCTIONAL RELATED

“A generous man will himself be blessed, for he shares his food with the poor.”

Proverbs 22:9

Created, Draft	First Tabling	Review
April 30, 2019	May 14, 2019	July 1, 2019 to August 31, 2019
D. De Souza, Coordinator of Grants & Ministry Reporting G. Sequeira, Coordinator of Budget Services P. De Cock, Comptroller of Business Services & Finance		
INFORMATION REPORT		

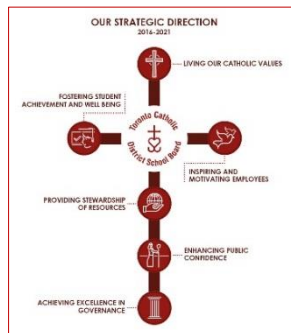
Vision:

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

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 Associate Director of Academic Affairs

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

A. EXECUTIVE SUMMARY

1. ***Two budget 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 funding discussions.*** This report will focus on the overall and instructional issues that have been identified through the GSN announcements and the B Memos released by the Ministry of Education.
2. ***Announcements made by the Ministry of Education will entail further release of data and more analysis to develop the budget.*** The Grant for Student Needs (GSN) funding and regulations released on April 26th, 2019 by the Ministry of Education (EDU) provided a first look at ongoing funding commitments, funding reductions and new education funding investments into the education sector. The Education Funding Technical Paper and Education Financial Information System (EFIS) tools did not accompany the announcement as in past years. The funding projections for the Toronto Catholic District School Board (TCDSB) contained within this report are preliminary and subject to change pending the release of further documents and formulas. These preliminary impacts have been developed with cautious assumptions in mind and therefore represent a scenario that could be considered fiscally conservative.
3. ***The late release of data by the Ministry will impact the budget approval timelines previously communicated to the Board.*** Given the delay of the technical details and the Electronic Financial Information System (EFIS) release by the Ministry to mid-May, staff will not be in a position to develop preliminary budget estimates in time for May 16th Regular Board meeting. The tentative revised plan would be to bring the preliminary budget estimates to Student Achievement Committee on May 28th, 2019.
4. ***Based on a preliminary analysis and review of the announcements to date, staff expect that service levels across all program and service areas will need to be reduced in order to develop a balanced budget.*** The Ministry of Education announcements on April 26th impacts many program and service areas, and if the impacts are not addressed then the operating budget would enter an unbalanced (deficit) position. Consequently, the 2019-20 Budget Estimates must contain service level reductions in order to develop a balanced budget in compliance with the Education Act.

The cumulative staff time required to prepare this report was 80 hours.

B. PURPOSE

1. ***This annual report has been prepared to provide highlights and preliminary projections of the education funding announcements for the TCDSB.*** This report responds to the recent GSN announcement for key policy and funding changes for 2019-20. The calculated financial and operational impact of last week's announcement on the GSNs for 2019-20 utilized information available at the time of preparing this report.
2. This report has been prepared to allow Trustees and members of the public a preview of potential staff recommendations that may be incorporated in to the Preliminary Budget Estimates expected to be presented at Student Achievement Committee on May 28th, 2019.

C. BACKGROUND

Previous Announcements

1. ***Staff have been working on analysing the impacts of previous announcements.*** The following paragraphs provide a brief recap of previous announcements on March 15th, 2019. The full memo from the Ministry has been attached as Appendix A for reference.
2. ***Announcements for class size changes in some areas were made on March 15, 2019 (2019:B08).*** The new class size requirements for grades 4-8 and 9-12 impacts the TCDSB budget by approximately \$18M for the 2019-20 school year and reduces teacher positions by approximately 350 Full-Time Equivalent (FTE) positions over the course of the next four years.
3. ***Current Collective Agreement Local Priorities Funding will expire.*** The expiration of the Local Priorities funding associated with the 2 year Collective Extension Agreements will decrease GSN funding by approximately \$9.7M. It equates to 119 Full-Time Equivalent (FTE) positions that spans almost all employee groups. The provincially negotiated extension agreements expire as of August 31st 2019.

International Languages Program

- 4. 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. Staff have yet to hear from the Ministry on whether all or part of the funding for this program will be provided for the 2019-20 school year. The assumptions in this report contain the notion that the program will continue at TCDSB, but that funding from the Province will be eliminated. This will create a cost pressure of \$8.9M.

D. EVIDENCE/RESEARCH/ANALYSIS

New Announcements

- 1. New announcements were made on April 26th, 2019 regarding GSNs.*** The following paragraphs contain some of the highlights from the GSN announcements. The full memo from the Ministry and related appendices have been included as Appendix B for reference.
- 2. No further funding changes forecasted.*** The Ministry of Education confirmed that there will be no further changes to grants and allocations in the GSN not already identified in the Ministry Memorandum. The other GSN announcements are consistent with the information provided to the Trustees on March 31, 2019 regarding class size changes and attrition protection.
- 3. The Province will now recover a portion of International Student fees.*** Beginning in 2019-20, a school board's GSN will be reduced by \$1,300 per international student. The impact to TCDSB is a funding reduction of \$1.6M.
- 4. Investments in Behaviour Expertise have increased.*** This investment will allow school boards to hire more professional staff at the board level who have expertise in applied behaviour Analysis (ABA). The impact to TCDSB is an increase in funding of \$0.5M.

5. ***Slightly more School Administration will be added to schools operating in a campus set-up.*** This is the third year of the four-year phase-in of the new School Foundation Grant definition of a school, which accounts for campus facilities. This funding increase allows school boards to place more principals/vice-principals at schools that have more than one building. The impact to TCDSB is an increase in funding of \$0.1M.
6. ***Province-wide Priorities and Partnerships Funding (PPF) (formerly Education Payments Other or EPO) were announced.*** While Province wide figures were provided in the April 26th memo (see Appendix B), the details specific to TCDSB have not been released. Below are the Provincial level highlights to the newly named PPFs. Staff have received verbal confirmation from Ministry staff that the Focus on Youth Program funds for summer 2019 have been renewed with a minimal (\$53K) reduction, but summer 2020 has not yet been confirmed. The Priority School Initiative (PSI) under the Community Use of Schools program has been confirmed as discontinued for 2019-20. Much of this grant had already been reduced for the 2018-19 school year.
- **Curriculum Implementation:** \$2.25M for Boards to support implementation of changes to the Health and Physical Education Curriculum and the Grade 10 Career Studies Course.
 - **Engaging Parents:** Continuation of the Parents Reaching Out Grants.
 - **Indigenous Education:** Continued funding.
 - **Math:** \$40.5M to support math strategy and math leads.
 - **Mental Health and Well Being:** \$34.5M to continue support for mental health workers in secondary schools and for School Mental Health Assist.
 - **Special Education:** \$17M to continue a number of pilots including After School Skills Development, School-Based Supports for Students with ASD, Pilots for Students with Developmental Disabilities and Students with Severe Learning Disabilities.
 - **Student Pathways:** \$35.7M to continue the Specialist High Skills Major program and experiential learning board leaders.
 - **Student Potential:** \$17M to continue support for the summer Focus on Youth program, transition funding for students at risk, human rights and equity advisors at each Board.
 - **System Support and Efficiencies:** \$30M to continue the roll-out of broadband modernization, teacher learning program and apprenticeship training for CUPE and OSSTF education workers.

Analysis of Funding Reductions

7. *Year over year funding impacts are conservatively estimated at \$31M.* Based on a preliminary analysis by staff, the year over year impacts, inclusive of all Provincial announcements, enrolment impacts and the continuance of the IL Program, results in a funding shortfall of \$31M. The analysis below provides a high level summary of this shortfall.

	\$M
Negative Impacts of Provincial Announcements	(33.70)
Positive Impacts of Provincial Announcements	10.08
Enrolment Impacts	1.20
IL Program Extended Day Elimination	<u>(8.90)</u>
	(31.32)

8. *Determination of the funding impacts are preliminary and require the detailed technical release from the Ministry before verification.* Staff recognize that these calculations are preliminary in nature, but believe it is important to show the high level impacts in order to provide context for the difficult decisions that are ahead for bringing the budget to a balanced position. The first page of Appendix C provides a detailed version of the analysis provided above. The Preliminary Budget Estimates that will be provided at the May 28th Student Achievement Committee will also provide more detailed explanations of each of the line items.

Preliminary List of Offsets to Balance Budget

9. *Several offsets were either mandated or directly associated with certain funding sources that were lost.* Many of the offsets that staff have identified as preliminary reductions to balance the budget were mandated by the Ministry. For instance, the grades 9-12 class size increases were mandated to be funded through attrition (e.g. normal retirements). The Local Priorities Fund, as previously reported, had many specific funded positions associated with it such as 5th Block literacy teachers, Education Assistants / Child and Youth Workers, and Custodial / Maintenance staff to name a few.
10. *Senior staff were challenged to identify other areas for reductions as a starting point for the Board of Trustees.* Due to the fact that the “surplusing” deadline for teaching staff was on April 12th, senior staff mobilized quickly to ensure that reductions were made in accordance with Collective Agreements. This involved a thorough analysis of staffing models throughout the system to identify opportunities to reduce positions where classroom teacher to

student ratios would remain unaffected and where service level impacts might be the least intense. Senior staff fully recognize that any reductions have a negative impact on the system and did not take these decisions lightly.

11. ***Senior staff were able to identify a preliminary list of reductions that fully offset the funding shortfall in order to balance the budget.*** Staff consolidated all mandated reductions, along with any mandated increases and offsets from Local Priority Funds. They then identified several preliminary labour and non-labour related reductions or revenue increases that could potentially fully offset the estimated funding shortfall. The following analysis provides a high level summary of those potential recommendations (FTE = Full Time Equivalent). The full detail of this analysis is provided on the 2nd and 3rd page of Appendix C.

	\$M	FTE
Increase based on enrolment change	1.20	12.5
Mandated Impacts from Elementary Class Size	3.30	32.1
Mandated Reductions from Secondary Class Size	(10.20)	(94.9)
Reductions Associated with Local Priority Fund	(9.70)	(118.9)
Other Elementary Panel Reductions	(3.20)	(31.0)
Other Net Secondary Panel Reductions	(0.40)	(4.0)
Board Administration and Governance Reductions	(1.15)	(10.0)
Other Non-Labour Impacts	<u>(11.35)</u>	<u> </u>
	(31.50)	(214.2)

12. ***Other Non-Labour Impacts contain several potential recommendations that may impact specific communities.*** In particular the harmonization of bell times for IL schools would bring about cost savings, but will impact these schools specifically in terms of bus pick-up times. The potential 3% increase in permitting fees may also impact on certain community groups that rent TCDSB facilities.

13. ***The total FTE impact would be a reduction of 214.2 staff positions.*** Reductions would be completed by way of attrition and senior staff are confident that no layoffs would occur, however the impact on the system will certainly be felt through service level reductions to students. The following table provides a high level analysis of the employee groups that would be affected if the potential recommendations carried through the Preliminary Budget Estimates in June.

GROUP	FTE
Toronto Secondary Unit (TSU)	(129.4)
Canadian Union of Public Employees (CUPE)	(60.7)
Toronto Elementary Catholic Teachers (TECT)	(12.6)
Management, Administrative and Professional Association (MAPA)	(7.0)
The Education Worker's Alliance of Ontario (EWAO)	(2.0)
Principals and Vice-Principals (P&VPs)	(1.5)
Executive Staff	<u>(1.0)</u>
	(214.2)

14. *Preliminary potential recommendations have been provided to facilitate Trustee discussion.* The options outlined in Appendix C have been provided to illustrate senior staff's preliminary estimate of what recommendations may appear in the Preliminary Budget Estimates presented on May 28th. Should Trustees disagree or agree with these recommendation it would be prudent to provide that input during the presentation of this report. Additionally, should a Trustee wish staff not bring one of these potential recommendations forward it would be ideal for the Board to simultaneously identify other areas for staff to look at reducing.

15. *The preliminary potential recommended reductions bring about a minor surplus of \$0.18M to the budget.* Taking the expected shortfall and offsetting it with both mandatory increases and decreases as well as the preliminary potential recommendations for balancing produces a minor surplus. This minor surplus need not remain and could be redistributed to eliminate a portion of a reduction, however it would be premature to do so as these numbers will undoubtedly change once detailed Ministry data is available. Below is a brief analysis of the shortfall and potential offsets.

	\$M
Total Estimated Year Over Year Impacts (Shortfall)	31.32
Preliminary Potential Offsets to Balance the Budget	<u>31.50</u>
	0.18

16. *Other options are also available to balance the budget.* Senior staff have also provided a few other options that could be used to balance the budget. This list is non-exhaustive, however, it should be kept in mind that the large majority of the Board's budget is restricted in terms of being applied to either

specified programs or to classroom ratios. The following is a short list of other potential ideas that are flexible type funding.

	\$M
Move IL Programs to Evenings/Weekend Format	7.30
Introduce Paid Parking for Employees	3.20
Eliminate Non-Qualifying Student Transportation	1.00
School Block Budget Reductions	1.00

17. ***Other opportunities for balancing the budget may arise.*** Staff recognize that a cautious approach has been taken in developing these preliminary shortfall estimates. It is possible that once detailed Ministry data is available that the shortfall may be less than expected. Unfortunately, while less likely, it is possible for the reverse to be true as well. In the case where the shortfall is less, Trustees may wish to signal to staff which areas of the preliminary recommended reductions they would like to see reinstated in the budget.

18. ***Over the course of the year, the Board of Trustees passed previous motions for items to be considered in 2019-20 Budget.*** Appearing in the table below is a list of budget items that require consideration and decision to be included in this year’s operating budget. In summary, the budget impact amounts to another \$2.1M to the operating budget for which additional service level changes are required. Trustees also recently passed a motion to maintain Special Education funding at the same level as the previous year. This was done without the benefit of knowing the shortfall faced by the Board and the GSN announcements. If Trustees wish to maintain this direction then staff will bring back recommendations on May 28th for further reductions elsewhere depending on the GSN technical details. Otherwise, it is assumed that annual operating budget decisions act to supersede all previous funding related motions and decision as per normal practice.

Restoration of School Block Budget to the 2014-15 budget allocation levels	(1.70)
Maximize the funding entitlement for Lunchtime Student Supervisors	(0.30)
Establish an Integrity Commissioner (Subject to Verification)	(0.10)
	<u>(2.10)</u>

E. NEXT STEPS

1. ***Public consultation and input from Trustees will help develop final recommendations for the Preliminary Estimates.*** Staff will be taking any feedback received on this report as well as the results from the Online Budget Survey Tool, feedback received at the Public Consultation meeting and Virtual Town Hall, various deputations and feedback from union and federation partners and develop Preliminary Estimates for the May 28th Student Achievement Meeting. Development of those estimates will also be heavily dependent on the technical details behind the GSNs.
2. ***This is another opportunity for the Board to provide input on changing service levels.*** Staff will be developing Preliminary Budget Estimates for presentation at Student Achievement Committee pending the further release of data from the Ministry of Education. However, should the Board wish to provide any immediate input or direction at this point they can do so by providing input for consideration in the development of preliminary budget estimates.

F. CONCLUDING STATEMENT

This report is for the consideration of the Board.