

**REVISED**



**REPORT TO**

**AUDIT COMMITTEE**

## **REVISED 2019-20 BUDGET IMPACTS AND GRANTS FOR STUDENT NEEDS ANNOUNCEMENT - NON- INSTRUCTIONAL RELATED**

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

**Proverbs 22:9**

<b>Created, Draft</b>	<b>First Tabling</b>	<b>Review</b>
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**

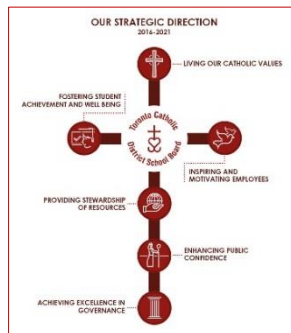
**Vision:**

*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.*



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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 non-instructional issues that have been identified through the GSN announcements and the B Memos released by the Ministry of Education. All numbers that are shown in this report are already incorporated into the previous report, which provided an overall budget presentation. This report is only a subset of the earlier report relating to non-instructional items.
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 26<sup>th</sup>, 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 16<sup>th</sup> Regular Board meeting. The tentative revised plan would be to bring the preliminary budget estimates to Student Achievement Committee on May 28<sup>th</sup>, 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 26<sup>th</sup> 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 related to the non-instructional side of the organization.* This report responds to the recent GSN announcement for non-instructional and 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 28<sup>th</sup>, 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 15<sup>th</sup>, 2019 related to non-instructional impacts.
2. *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 31<sup>st</sup> 2019.

### **International Languages Program**

3. *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 \$1.6M related to transportation at IL program schools.

## **D. EVIDENCE/RESEARCH/ANALYSIS**

### **New Announcements**

- 1. *New announcements were made on April 26<sup>th</sup>, 2019 regarding GSNs.*** The following paragraphs contain some of the highlights from the GSN announcements related to non-instructional.
- 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.
- 3. *Student Transportation funding increased by \$7.6M.*** The GSNs will provide stabilization funding to school boards that run efficient transportation operations wherein the costs of student transportation exceed the funding provided for that purpose. A 4% inflationary increase will also be added to the transportation funding. TCDSB will receive \$7.6M in additional funding to help with the transportation deficit.
- 4. *Funding for Facilities Maintenance and Operations will decrease overall.*** To align with the proposed changes to secondary class size, the Supplementary Area Factor for school facility operations will be adjusted. This change will be phased in over five years. The 2019-20 impact to TCDSB is expected to be a reduction in funding of \$1.6M. An increase in funding will be provided to recognize inflation in utilities. For the TCDSB this equates to approximately \$0.75M. The net impact on Facilities Maintenance and Operations is estimated to be a decrease of \$0.85M.

5. ***Funding for Human Resource staffing has decreased.*** The Human Resource Transition Supplement, a fund within the Board Administration & Governance Grant to assist in managing the extension agreements, has been eliminated. This results in a funding decrease of \$0.5M for TCDSB.
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 26<sup>th</sup> memo, the details specific to TCDSB have not been released. Below are the Provincial level highlights to the newly named PPFs, which are non-instructional in nature. 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.
  - **Engaging Parents:** Continuation of the Parents Reaching Out Grants.
  - **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 positive impacts on the non-instructional side are estimated as \$1.85M.*** Based on a preliminary analysis by staff, the year over year impacts, inclusive of Provincial announcements related to non-instructional items, transportation related costs associated with eliminating the extended day IL Program, results in a funding increase of \$1.85M. The analysis below provides a summary of this increase.

<b>Negative Impacts Provincial Announcements</b>	<b>\$M</b>
Loss of Local Priorities Funding - Custodial/Trades/Maintenance	(0.80)
Loss of Local Priorities Funding - Board Admin/Clerical/Tech	(0.10)
Capital Debt Financing Adjustment	(1.90)
Decrease to Facilities Loading Factor (Class Size Changes)	(1.60)
Loss of Human Resource Transition Funding	<u>(0.50)</u>
	<b>(4.90)</b>
<b>Positive Impacts of Provincial Announcements</b>	
Increase in Transportation Funding	7.60
Increase in Utilities Funding	<u>0.75</u>
	<b>8.35</b>
Transportation Impacts from IL Modified Day School Schedules	<u>(1.60)</u>
	(1.60)
<b>Total Estimated Year Over Year Impacts (Funding Increase)</b>	<b>1.85</b>

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 entire budget (inclusive of instructional) to a balanced position. The Preliminary Budget Estimates that will be provided at the May 28<sup>th</sup> 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 directly associated with certain funding sources that were lost for the non-instructional side.* The Local Priorities Fund, as previously reported, had many specific funded positions associated with it such as Administrative, Custodial and Maintenance staff to name a few.

10. *Senior staff were able to identify a preliminary list of reductions applicable to the non-instructional side that would contribute to the deficit position on the instructional side to balance the budget as a whole.* 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.

<b>Draft Reductions Associated with Local Priority Funding</b>	<b>\$M</b>	<b>FTE</b>
Custodians, Trades and Maintenance Staff	(0.80)	(10.9)
Board Administration, Clerical and Technical Staff	<u>(0.10)</u>	<u>(1.5)</u>
	<b>(0.90)</b>	<b>(12.4)</b>
<b>Other Draft Labour Impacts to Offset Funding Shortfall</b>		
Board Administration and Governance Reductions		
Non-Academic Staff Positions	(0.20)	(2.0)
Non-Academic Management Positions	(0.80)	(7.0)
Non-Academic Executive Position	<u>(0.15)</u>	<u>(1.0)</u>
	<b>(1.15)</b>	<b>(10.0)</b>
<b>Other Draft Non-Labour Impacts to Offset Funding Shortfall</b>		
Adjust Non-Labour Budgets to Align with Historical Actuals	(0.50)	
Capital Debt Interest Expense Reduction	(1.90)	
Optimize Bell Times at International Language Schools	(1.60)	
Reduction in Non-Labour Facilities Expenditures	(0.25)	
Increase Permitting Fees (By 3%)	<u>(0.10)</u>	
	<b>(4.35)</b>	
<b>Total Draft Offsets to Balance Budget</b>	<b>(6.40)</b>	<b>(22.40)</b>

11. *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 for transportation, 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.

12. *Preliminary potential recommendations have been provided to facilitate Trustee discussion.* The options outlined above for non-instructional related items have been provided to illustrate senior staff's preliminary estimate of what recommendations may appear in the Preliminary Budget Estimates presented on May 28<sup>th</sup>. 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.

13. *The preliminary potential recommended reductions for non-instructional contribute approximately \$8.25M to the balancing of the overall budget.* Taking the expected increase from funding announcements and adding it to the potential reductions on the non-instructional side produces a surplus that can help balance the overall budget. Below is a brief analysis of this surplus.

	<b>\$M</b>
Total Estimated Year Over Year Impacts (funding increase)	1.85
Draft Offsets to Balance the Overall Budget	<u>(6.40)</u>
<b>Non-Instructional Savings to be applied to Instructional Shortfall</b>	<b>8.25</b>

14. *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 within the non-instructional side.

<b>Other Potential Ideas for Offsetting Funding Shortfall</b>	
Eliminate "Non-Qualifying" Student Transportation	<u>(1.00)</u>
	<u>(1.00)</u>

15. *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.

16. *Over the course of the year, the Board of Trustees passed previous motions for items to be considered in 2019-20 Budget.* One such motion was to look at establishing a budget for services of an Integrity Commissioner. Early estimates may place this at approximately \$100K per year, but may be higher.



Staff are attempting to verify this number and will do so before the May 28<sup>th</sup> Preliminary Budget Estimates are submitted.

## **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 28<sup>th</sup> 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.