



REPORT TO

STUDENT ACHIEVEMENT AND WELL BEING, CATHOLIC EDUCATION AND HUMAN RESOURCES COMMITTEE

2019-20 OPERATING BUDGET IMPACTS FROM DELAYED IMPLEMENTATION OF EMPLOYEE PAID PARKING

“This is what the Lord says—your Redeemer, the Holy One of Israel: “I am the Lord your God, who teaches you what is best for you, who directs you in the way you should go.”

Isaiah 48:17

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RECOMMENDATION REPORT		

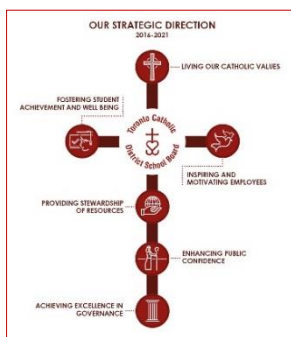
Vision:

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

The TCDSB approved the 2019-20 Budget Estimates on Thursday, June 13th 2019 with various revenue generating and expenditure reduction strategies to balance the operating budget. One of the revenue generating strategies motioned by Trustees was the implementation of paid parking with an estimated revenue generation target of \$6.4M.

At the Regular board meeting on August 22, 2019 the Board approved the delay of the implementation of paid parking to February 2020.

The revenue shortfall associated with delaying this initiative will result in an estimated additional in-year deficit of \$3.2M.

In order to balance the budget, the TCDSB will need to find additional savings of \$3.2M from the 2019-20 budget or fund the resulting difference through the 2018-19 in-year surplus, if available or through the existing Operating Contingency Reserve.

The cumulative staff time required to prepare this report was 10 hours.

B. PURPOSE

1. This report provides an update on the impact of delaying the implementation of employee paid parking on the 2019-20 operating budget. It provides a similar staff recommendation on addressing the shortfall. It provides two alternative options to proactively address the potential for an in-year deficit.

C. BACKGROUND

1. ***Staff proposed a balanced budget in May 2019 that excluded Employee Paid Parking.*** During the budget process to develop the 2019-20 operating budget, staff originally presented a budget that was balanced, but that included several reductions such as elimination of the 5th Block Literacy program, reductions in some Special Education supports, reductions in custodial staff and reductions in Board Administration staff to name a few. In total, staff identified \$32.8M reductions to produce a balanced budget.

2. ***The Board of Trustees resolved to include Employee Paid Parking as a revenue for the 2019-20 budget in order to mitigate other reductions.*** Early in the budget process, staff provided a list of other potential strategies to help offset the \$32.8M shortfall. Employee paid parking was identified as one potential option, but was not recommended by staff given the uncertainty and risk that was associated with its implementation. On June 13th, 2019 the Board of Trustees approved the implementation of employee paid parking in order to mitigate the loss of services such as 5th Block Literacy program and central resources. Staff were tasked with returning to the Board at the end of August with a high level implementation plan.
3. ***The 2019-20 operating budget was approved with a projected \$2.8M in-year deficit.*** In order to accommodate a transition for bussing times at International Language Schools and a phase-in of increased International Student Fees, the Board passed a budget that contained an in-year deficit of \$2.8M. On June 19th, 2019 the Board approved a report to Special Board that contained an “in-year deficit elimination plan”. This plan responded to a new Ministry of Education requirement to submit an in-year deficit elimination plan and school board resolution wherein the projected in-year deficit is less than one percent of the board’s operating revenues.
4. ***Staff advised that the Employee Paid Parking will be delayed to February 2020.*** At the Regular Board meeting of August 22nd, 2019 Trustees were advised that based on numerous implementation issues Employee Paid Parking would be delayed until February 2020. Staff further recommended to the Board that the approximate \$3.2M shortfall in revenue be funded by the Operating Contingency Reserve at year-end, if need be.

D. EVIDENCE/RESEARCH/ANALYSIS

1. ***The Board of Trustees can take a “proactive” or “reactive” approach to revenue loss from the delayed implementation of Employee Paid Parking.*** A proactive approach would see the Board do either of the following: 1) Identify \$3.2M worth of operating cuts to offset the revenue loss within 2019-20 or 2) Specifically set aside funds from anticipated 2018-19 surpluses to address the shortfall. Both of these options are explored further below. A “reactive” approach would see the Board continue as-is until year-end with the potential for in-year savings to offset the revenue loss or if no in-year

savings exist then using funds from the Operating Contingency Reserve to offset the in-year deficit.

- 2. *Pro-actively reducing in-year expenditures is fiscally responsible, but is impractical given the timing.*** Teacher Staffing Models for 2019-20 are established. The opportunity to modify staffing models for 2019-20 and issue surplus notices in compliance with collective agreements is no longer available for the 2019-20 school year as it was during budget deliberations in the spring. Protected Staffing Complements remains in effect for the duration of central and local bargaining activities. The sunset clause regarding protected staffing complements per collective agreements for other unionized employee groups has also expired.
- 3. *Pre-identifying in-year savings to offset the revenue loss is challenging.*** Given that nearly 75% of TCDSB's budget is labour and based on the inability to reduce unionized labour at this point in the calendar year, it is very difficult to pre-identify savings opportunities. The remaining 25% of the budget is largely for items such as transportation, facility operations and other instructional related supplies/equipment. A detailed review of the budget was already conducted to eliminate the \$32.8M shortfall in the spring and therefore the budget in many of these areas has already been significantly reduced in some cases.
- 4. *Other strategies for eliminating the deficit were presented in the 2019-20 budget process.*** Staff provided a few different alternative strategies aside from Employee Paid Parking. Given that the large majority of the budget cannot be revisited at this time of the calendar year, the Board may choose to look at some discretionary areas of the budget. Other areas included revisiting the transportation policy in terms of eliminating "Non-Qualifying" student transportation and reductions in School Block budgets. Another option was moving International Languages to an after school/weekend format, but that may trigger other labour consequences and costs. Any of these choices would certainly result in impactful service level reductions and are not recommended by staff at this time.
- 5. *Setting aside anticipated surpluses from the 2018-19 budget may be an option.*** Staff anticipate that the 2018-19 budget will likely end in a surplus position. Staff believe this may be nearly equal to or in excess of the \$3.2M being sought to cover the Employee Paid Parking revenue loss. Trustees have the option to supersede all previous motions on utilization of the surplus by

designating the first \$3.2M as reserved for addressing the anticipated shortfall in revenue for 2019-20. This could be accomplished with the following motion:

That should the 2018-19 fiscal year end in a surplus, that the first \$3.2M, or part thereof, be reserved and carried forward to the 2019-20 fiscal year to address the shortfall created by the delayed implementation of Employee Paid Parking; and

That this allocation take priority over all other previous motioned allocations of in-year surplus.

- 6. Staff continue to recommend that the revenue shortfall be dealt with at year-end.** Staff believe that the budget can be monitored carefully throughout the year and where savings opportunities arise, staff can make operational decisions to balance the budget. Should the budget end in a deficit position then the Operating Contingency Reserve can be used to offset as is its intended purpose.
- 7. The Board will need to re-submit an in-year deficit plan under any option.** Whether the Board chooses to identify specific cuts such as reducing School Block Budgets or changing the transportation policy or allocate anticipated 2018-19 surplus funds or rely on the Contingency Reserve fund, an in-year deficit elimination plan will need to be resubmitted to the Ministry.
- 8. The Board is not at risk of non-compliance from a budget perspective. The Board has already submitted a \$2.8M deficit elimination plan.** This will be updated to add \$3.2M for a total of \$6M. Since this is below 1% of the Board's revenue this is allowable from the Ministry perspective so long as the Board has a plan to eliminate this in-year deficit within the following two years. The Board will either have employee paid parking implemented within the following two years or can reconsider budget options during the 2020-2021 budget deliberations. In either scenario, there is an opportunity to stay in compliance.

E. STAFF RECOMMENDATION

That the Revenue Shortfall associated with delaying the implementation of paid parking be funded through 2019-20 in-year surpluses or the Operating Contingency Reserve at the end of the fiscal year.