REPORT TO

CORPORATE SERVICES, STRATEGIC PLANNING AND PROPERTY COMMITTEE

2019-20 THIRD QUARTER FINANCIAL STATUS UPDATE

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

Created, Draft	First Tabling	Review
September 1, 2020	September 10, 2020	

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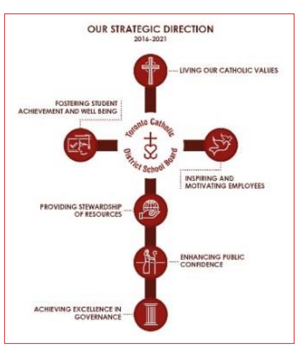
INFORMATION REPORT

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.



Brendan Browne
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Chief Financial Officer

A. EXECUTIVE SUMMARY

This Financial Update Report as at May 31st 2020 provides a year-to-date look at significant financial activities at the Board.

This is the third update for fiscal 2019-20 using the Revised Estimates approved by the Board of Trustees in December 2019. The Board was on track to generate an in-year deficit this year as per the approved 2019-20 Revised Estimates, however, COVID-19 closures will result in significant savings to create a surplus. Appendix A provides a more detailed variance summary.

Financial projections to year-end anticipate an in-year surplus of $5.0 – 10.0M subject to some variations due to the ongoing release of ASO Benefit surpluses by the Ministry of Education and Covid-19 expenses associated with planning towards reopening schools in September 2020.

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 Revised Estimates
- Staff Absenteeism
- 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 teaching days are comparable.*** When comparing the percentage spent to this period last year, it is important to note that YTD May 2019 had 174 teaching days compared to the actual YTD May 2020 of 170 teaching days. The 170 teaching days for YTD May 2020 accounts for four job action days by OECTA. Had there been no job action by OECTA, the YTD May 2020 teaching days would have totalled 174.

D. EVIDENCE/RESEARCH/ANALYSIS

HIGH LEVEL REVIEW AND RISK ASSESSMENTS OF OPERATING REVISED ESTIMATES

1. ***COVID-19 school closures, effective as of March 13, 2020, will result in a Net Savings of approximately $3.3M.*** Costs related specifically to school closures will result in savings of $11.6M. This is offset by costs of $5.9M related to additional technology required for online learning and a reduction of $2.4M in Revenues. The forecast below is not inclusive of the ongoing release of ASO Benefits Surpluses by the Ministry of Education.

Estimated Additional Costs and Savings due to COVID-19

Expenditure Savings		**$M**
Occasional Staff Costs		4.40
Transportation		2.00
Utilities		2.10
Other Savings		3.10
	Total Expenditure Savings	**11.60**
Additional Costs		**$M**
Investment in Student Technology		4.00
Supplies		1.70
Security		0.20
	Total Additional Costs	**5.90**
Revenue Loss		**$M**
Loss of Revenue Sources		2.40
Net Savings		**3.30**

2. ***Salary and Benefit expenditures are expected to finish below target for this academic year.*** Overall, in the Salary and Benefits area, Figure 1 below illustrates the current trend. This expenditure category is the most closely monitored risk as it comprises the largest portion of the revised operating expenditure estimates. Due to COVID-19 school closures, these expenditures are expected to come in below budget.

Figure 1: Salary and Benefits Variance / Risk Analysis

	Actual to Revised Estimates		***Actual to Previous Year***		***Risk Assessment***
Instructional Salaries	↓	5.2%	↓	3.1%	●
Instructional Benefits	↓	0.2%	↓	2.3%	●
Non-Instructional Salaries	↓	1.0%	↓	2.8%	●
Non-Instructional Benefits	↓	3.6%	↓	2.7%	●

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

Salaries and Benefits for both Instructional and Non-Instructional categories are projected to finish below budget due to the COVID-19 school closures. This will result in an estimated reduction of Occasional Staff Costs totalling $4.4M

3. ***Job action*** by OECTA resulted in a total of 4 job action days and the job action by ETFO resulted in a total of 6 strike days in the months of January and February 2020. The reduction to Salary and Benefit expenses, as a result of this job action, has been reflected in this report, $12.6M. There is an equal and offsetting reduction to Ministry Grant revenue and therefore no impact on the projected surplus.

4. ***At an aggregate level, the total of other expenditure categories (besides salary and benefits) are expected to finish below target*** due to COVID-19 school closures**.** Overall, in the Non-Salary area, Figure 2 below illustrates the current trend.

Figure 2: Non-Salary Variance / Risk Analysis

	Actual to Revised Estimate		***Actual to Previous Year***		***Risk Assessment***
Instructional Expense	↓	26.1%	↓	9.9%	
Transportation Expense	↓	5.7%	↑	7.8%	
Operations & Maintenance	↓	12.2%	↓	0.7%	
Other Administrative	↑	21.7%	↑	59.4%	

As a result of COVID-19 school closures, Textbooks/Supplies are expected to finish a net $1.4M below budget, Transportation $1.2M (+$0.8M offset by Revenue reduction) below budget and Utilities $2.1M below budget. Computer and Technology expenses are estimated to finish $4.0M above budget given the purchases of iPads and Chromebooks to facilitate distance learning.

5. ***Permit Revenues (Community Use of Schools)***

   i. Due to the CUPE job action and Teachers strikes in Q2, permits were cancelled. As a result, TCDSB experienced a decrease in permit revenue compared to budget.

   ii. Projections forward into Q4 indicate permits will be further reduced as all permits have been cancelled during the shutdown of schools due to the COVID -19 virus. At this time, it is estimated the Board will lose approximately $.26M from COVID closures. Permit expenses will also be reduced resulting in some savings.

6. ***Rental Revenues (Day cares)***

   i. CUPE and OECTA job actions in Q2 affected Day Care Operators by school closures. As a result, Day Care Providers will likely experience a decrease in their revenues. The TCDSB will also see a small decrease in these revenues compared to budget as TCDSB closed the day cares.

   ii. Projections in Q4 will be further reduced, as all day cares have been closed during the shutdown due to the COVID-19 Pandemic. At this time, it is estimated the TCDSB will lose $.58M from day care closures due to the COVID-19 Pandemic.

7. ***COVID-19 related reductions to Other Revenues (-$1.52M) as a result of school closures.*** The Transportation Revenue claw-back announced June 19, 2020 for the fuel funding reduction is estimated to be $795K. This financial status report includes a further reduction in After Hours Parking of $364K and all other revenue reductions of $373K.

8. ***GSN Grant Revenue Strike Savings GSN claw back (-$12.6M).*** As a result of the OECTA Teachers and ETFO (DECE's) strike in Q2 and Q3, the TCDSB will have to send back GSN funding in the amount of $12.6M (net of strike expenses). The $12.6M is the Salary savings from not paying Teachers and DECE's and are also reflected in the reduction of expenses.

9. ***The latest estimate of Secondary Enrolment is projected to decrease, affecting the 2019-2020 Revenue Budget Estimates by -430 ADE or $4.0M in GSN funding.***

   i. ONSIS enrolment submission to the Ministry have a deadline of May 31, 2020; however, due to the COVID -19 virus, ONSIS reporting will be delayed, as schools have been closed.

   ii. As such, Business Services staff believe it would be appropriate to provide notice on the preliminary secondary enrolment decrease that is projected for ONSIS secondary school reporting purposes.

10. ***ESL Enrolment +$2.4M GSN -*** An additional +588, mainly secondary students, over the 2019-20 Revised Budget Estimates arriving from non-English speaking countries within the last 4 years generated an additional +$2.4M in GSN funding.

11. ***Additional Revenue reductions include*** VISA Student Tuition $1.5M, Other EDU Grants $1.4M and Attrition $2.3M below budget.

STAFF ABSENTEEISM

12. ***Staff Absenteeism Rates and Occasional Fill Rates have decreased.*** Recent statistics provide evidence that overall staff absenteeism rates experienced a decrease of 45,262 days over the same period, from the prior year. The average absence days per FTE are 13.8 compared to 18.5 in the prior year's YTD third quarter. This large decrease in staff absenteeism is a direct result of the COVID-19 work-from-home orders effective as of March 13, 2020 and the trend is not expected to continue once schools and the CEC re-open.

    ** Absence days are Category A&B and are inclusive of: Personal/Family Illness Days, Urgent Personal Business Days, Bereavement, Compassionate Leave, Health & Safety Inspections, In Lieu of Planning, Jury Duty/Subpoenaed as Witness, Recoverable, Special Circumstances, Special Permission, Suspension and Teachers' Earned Leave Plan – Partial Paid Days. **

13. ***Staff absenteeism continues to be an area of concern for the Board.*** Despite the Occasional Teacher costs shown in Figure 5a trending downwards and expecting to end below budget this year, the reduction is considered temporary and due to COVID-19 school closures. Figure 5b illustrates the 13-month trend in Occasional Teachers salary. This graph highlights any trends in absenteeism by month, year over year.

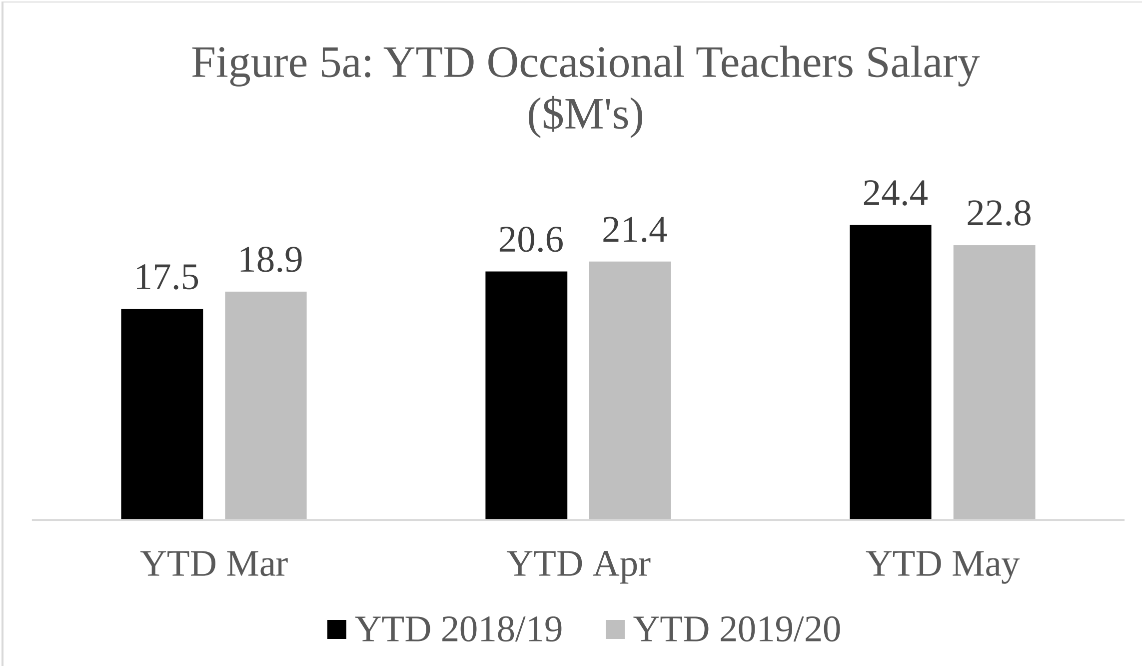


Figure 5a: YTD Occasional Teachers Salary ($M's)
17.5
18.9
20.6
21.4
24.4
22.8
YTD Mar
YTD Apr
YTD May
YTD 2018/19
YTD 2019/20

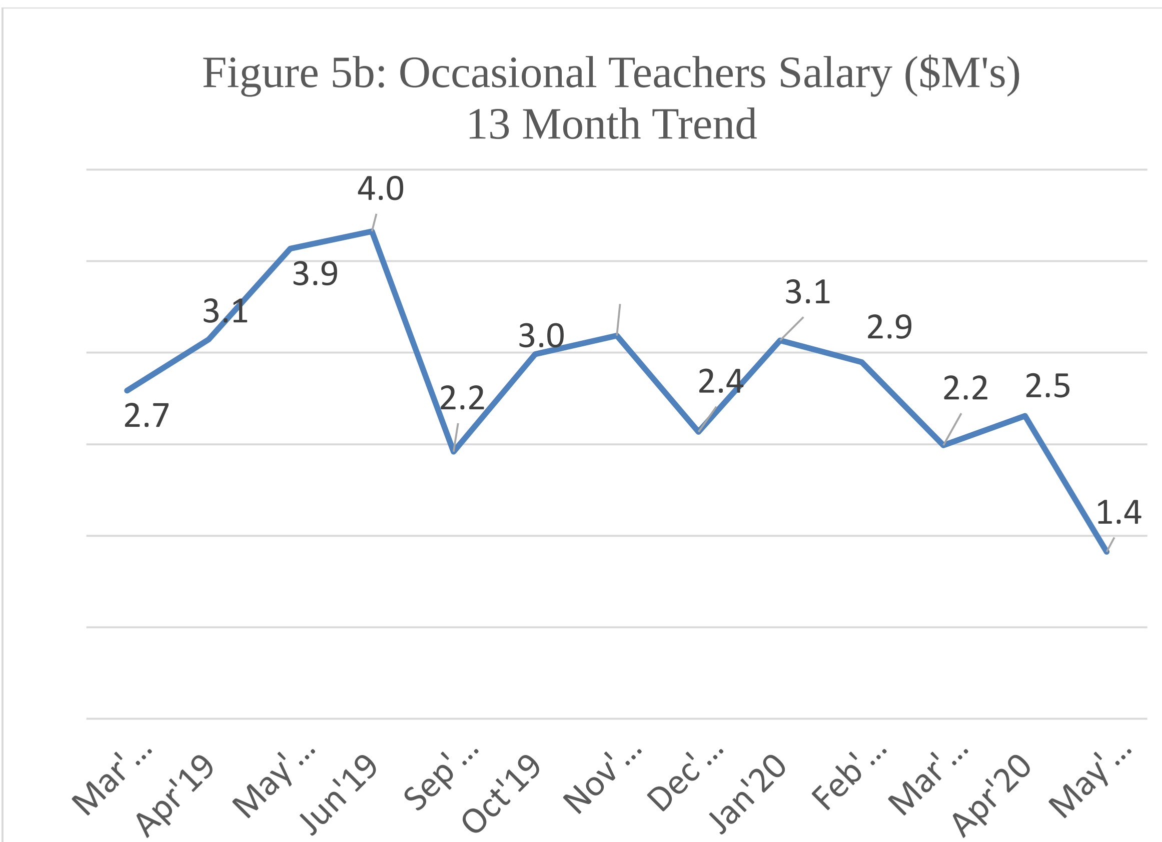
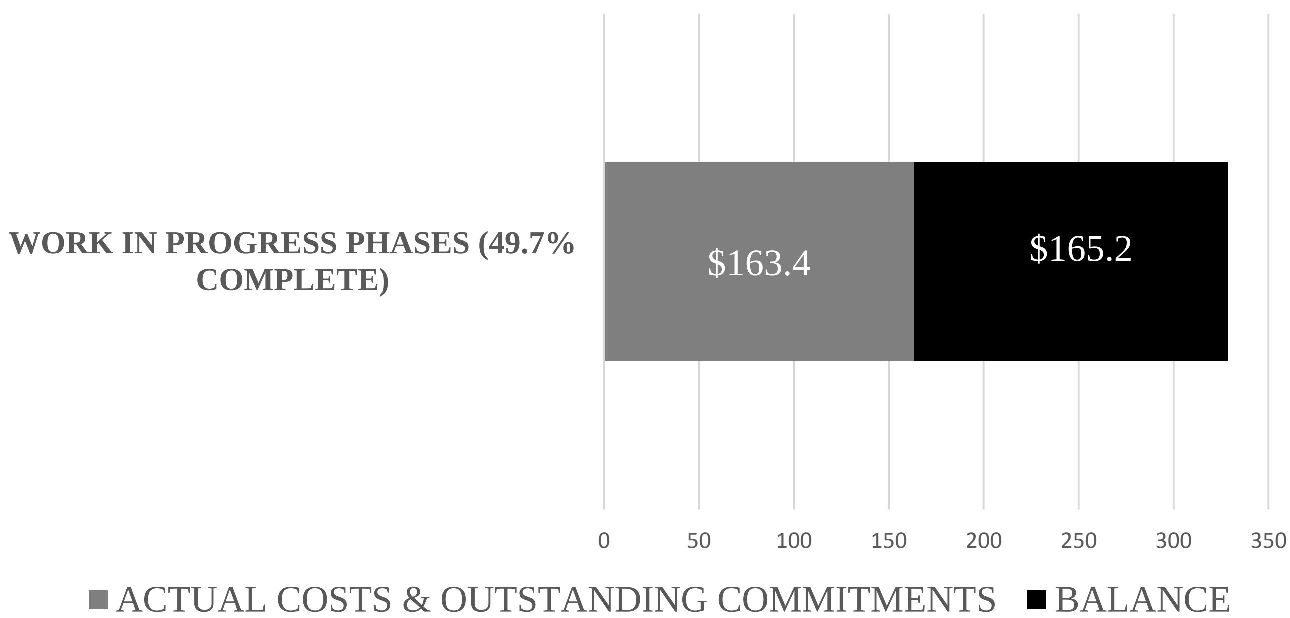


Figure 5b: Occasional Teachers Salary ($M's)
13 Month Trend
2.7
3.1
3.9
4.0
2.2
3.0
2.4
3.1
2.9
2.2
2.5
1.4
Mar' ...
Apr'19
May' ...
Jun'19
Sep' ...
Oct'19
Nov' ...
Dec' ...
Jan'20
Feb' ...
Mar' ...
Apr'20
May' ...

14. ***The Capital program totals $326 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 8.

FIGURE 8: CAPITAL PROJECT SPENDING STATUS FOR WORK IN PROGRESS ($M)



Phase I - 16 School Additions (*Projects Completed*)
Phase II - 6 New Elementary Schools (*Projects Completed*)
Phase III -5 New Elementary Schools, 1 Secondary School (*Work In Progress*)
Phase IV - 2 New Elementary Schools & 9 School Additions (*Work In Progress*)
Phase V – Full Day Kindergarten Program (*Project Completed*)
Phase VI – Railway/Bishop MacDonnell consolidated into **Phase VII** (*Projects Completed*)
Phase VII - 6 New Elementary Schools, 1 New Secondary School (*Work In Progress*)

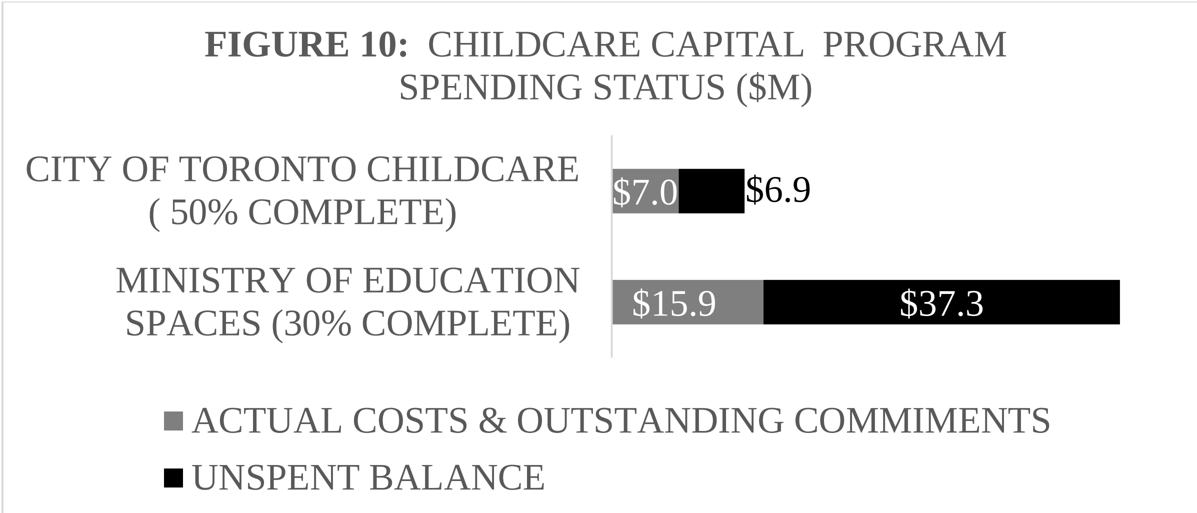
Phase VIII – 1 New Elementary School & 6 expanded Gyms and Childcares (*Work In Progress*)

15. ***The Renewal Program consists of major building component replacements and site improvements for a total available at September 1, 2019 of $175.8M with funding of approximately $136.1M remaining.*** The Regular School Renewal Grant, School Improvement Grant and several other grants provide the funding for the School Renewal Program.

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

Figure 9: Renewal Spending Status ($M's)

16. ***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. ***The actual revenues and expenditures are tracking to the Revised Estimates at the end of the third quarter as detailed in this report:*** The Board is estimated to have a small in-year surplus at year end primarily due to COVID operating savings.

F. CONCLUDING STATEMENT

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