



REPORT TO

REGULAR BOARD

2020-21 REVISED BUDGET ESTIMATES OVERALL AND INSTRUCTIONAL

*“For I know the plans I have for you,” declares the LORD,
“plans to prosper you and not to harm you, plans to give you hope and a future.”*
Jeremiah 29:11

Created, Draft	First Tabling	Review
November 25, 2020	December 10, 2020	2021:10:10 to 2021:10:10
D. De Souza, Coordinator of Grants & Ministry Reporting G. Sequeira, Coordinator of Budget Services P. De Cock, Comptroller of Business Services & Finance		
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.



Brendan Browne, PhD
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

As per the requirements set out in the Education Act, TCDSB's revised budget estimates are required to be balanced. The 2020-21 Overall and Instructional budget expenditure revised estimates appearing in this report is prepared based on updated enrolment and staffing projections, and calculated Grants for Student Needs (GSN) and Other Priorities and Partnership Funds (PPF) funding projections.

Two budget related reports have been submitted to facilitate Trustees with the opportunity to participate in non-instructional related discussions.

The total change from Budget Estimates to Revised Budget Estimates is a deficit of (\$38.1M). Total Revenues in the Revised Budget Estimates is \$1,178.6M and the Expenditures is \$1,218.3M which will result in a net deficit of (\$39.7).

A high-level comparative summary of operating revenues and expenditures appears below in Table 1.1 and the key contributors to the change appears in Table 1.2

TABLE 1.1	2020-21 Estimates	2020-21 Revised
	\$M	\$M
Operating Revenues	\$1,172.8	\$1,178.6
Less: Operating Expenditures	<u>\$1,174.4</u>	<u>\$1,218.3</u>
Surplus/(Deficit)	\$(1.6)	\$(39.7)
Operating Contingency Reserve	<u>\$1.6</u>	<u>\$39.7</u>
Balanced Budget	\$0.0	\$0.0

TABLE 1.2	
Key Contributors to Change in In-Year Position	\$M
Opening In-Year Surplus/(Deficit)	(1.6)
Net Change to GSN Revenues including Stabilization Funding	(1.6)
Loss of International VISA Student Revenues	(11.6)
Loss of Permits, Rentals and Other Revenues	(5.3)
Covid-19 Related Expenditures previously approved to be funded by TCDSB Reserves	(19.6)
Subtotal of Key Contributors	(38.1)
Closing In-Year Surplus/(Deficit)	(39.7)

The Revenue and Expenditure Changes for 2020-21 from Estimates to Revised Estimates is summarized in greater detail below:

DESCRIPTION	\$M
REVENUE CHANGES:	
GSN Allocation Reduction due to Enrolment	(24.3)
International VISA Student decline in Enrolment	(11.6)
Permit and Rental Revenue decline	(3.0)
Other Various Revenue loss	(2.3)
Reduction in Priority and Partnership Projects	(1.1)
Total Revised Estimates Revenue Loss for 2020-21	(42.3)
Stabilization Funding for Operations (Estimated)	22.7
COVID- 19 related funding for Federal and Provincial	25.4
Total Revised Estimates Revenue Change for 2020-21	5.8
EXPENDITURE CHANGES:	
Additional staff hired due to COVID- 19 - Instructional	30.4
Devices for Students	2.7
Schools Operations and Maintenance	9.8
Transportation	1.0
Total Revised Estimates Expenditures Change for 2020-21	43.9
Opening In-Year Surplus/(Deficit)	(1.6)
Revenue Changes	5.8
Expenditure Changes	(43.9)
Closing In-Year Surplus/(Deficit)	(39.7)
FUNDING THE IN-YEAR DEFICIT	
Opening Balance in Operating Contingency Reserve	47.5
Previous Board Approved Funding from Operating Contingency Reserve	20.5
Additional funding from Operating Contingency Reserve	19.2
Withdrawals from Operating Contingency Reserve	39.7
Closing Balance in Operating Contingency Reserve	7.8

School boards are expected to balance their budgets in 2020-21. The TCDSB may incur an in-year deficit up to the lower of 2% of TCDSB's operating revenue or the accumulated surplus for the preceding school year. Minister of Education approval is required when an in-year deficit is greater than 2% of its operating allocation.

The submission of a modified in-year deficit approval request is required. School boards that have an adjusted in-year deficit and a plan/resolution with the Revised Estimates submission must update the plan to show the elimination of the adjusted in-year deficit within one or two years.

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

B. PURPOSE

1. This report has been prepared for the Board of Trustees to approve the 2020-21 Revised Budget Estimates for Overall and Instructional Expenditure Categories.

C. BACKGROUND

1. *Revision of Budget Estimates is usually driven by enrolment changes, but has been heavily impacted by COVID-19 related expenditures for this school year.* The Budget Estimates were due to the Ministry by July 30, 2020 based on projected enrolment data for October 2020 and projected enrolment data for March 2021.

Revised Budget Estimates are due by December 15th, 2020 based on the actual enrolment data as of October 31, 2020 and projected enrolment data for March 31, 2021.

Subsequent changes in enrolment will be submitted throughout the year and any increases/decreases in enrolment will be used in the final Grant for Student Needs calculations at year-end with a corresponding increase/decrease in revenues.

2. *The 2020-21 operating budget was approved with a projected \$1.6M in-year deficit.* In order to accommodate a transition for bussing times at International Language Schools, the Board passed a budget that contained an in-year deficit of \$1.6M. On July 23rd, 2020 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.

3. ***School boards are expected to balance their budgets in 2020-21.*** The TCDSB may incur an in-year deficit up to the lower of 2% of TCDSB's operating revenue or the accumulated surplus for the preceding school year. Minister of Education approval is required when an in-year deficit is greater than 2% of its operating allocation.
4. ***The submission of a modified in-year deficit approval request is required.*** School boards, that have an adjusted in-year deficit and a plan/resolution with the Revised Estimates submission must update the plan to show the elimination of the adjusted in-year deficit within one or two years.
5. ***The Board of Trustees approved an Audit Committee recommendation to modify the distribution of in-year surplus funds to Strategic Reserves. The Audit Committee recommended, "Given that enrolments have been lost, there is a significant possibility that there will be a drop in Grants for Student Needs (GSN), that the Audit Committee recommend to the Board that the surplus for 2019-2020 be held, to be used to cushion and provide time for any permanent spending reductions for 2021-2022 budget. This excludes the proposed allocation to the IT Infrastructure of \$1.4 million."***

D. EVIDENCE/RESEARCH/ANALYSIS

1. ***The key component to the development of the Revised Budget Estimates is updated enrolment forecasts for 2020-21.*** In order to recalculate the Average Daily Enrolment (ADE), updated enrolment projections use the actual October 31, 2020 enrolment counts. The March 31, 2021 enrolment projections use a 100% retention rate for the elementary panel and a 97.76% retention rate for the secondary panel based on historical trends.
2. ***Overall, enrolment has decreased.*** In comparison to the original 2020-21 estimated ADE, the 2020-21 revised estimated elementary ADE has decreased by 1971, while the secondary ADE has decreased by 755 for an overall decrease in enrolment of 2,726 ADE.

A comparative enrolment analysis is included in the following table:

Panel	Type	2020-21 ADE Budget Estimates	2020-21 ADE Revised Estimates	Change +/(-)
Elementary	Regular	62,953	61,025	(1,928)
	VISA Students	104	61	(43)
	Sub Total	63,057	61,086	(1,971)
Secondary	Regular	26,963	26,889	(74)
	VISA Students	1,204	523	(681)
	Sub Total	28,167	27,412	(755)
Total ADE		91,224	88,498	(2,726)

The one-time stabilization funding is projected to generate \$22.7M. On November 26, 2020, the Ministry of Education released Memorandum B:22 regarding 2020-21 Grants for Student Needs Stabilization. This B-Memorandum provides an update to the 2020-21 Revised Budget Estimates' Grants for Student Needs calculations which address the unforeseen enrolment declines due to the COVID-19 Pandemic. In addition to the unforeseen nature of the enrolment impact, District School Boards possess limited means to respond to changes of this magnitude mid-year. This GSN update and the subsequent funding stabilization amount is a one-time adjustment for the 2020-21 fiscal year. The estimated amount expected from this one-time funding is \$22.7M and is included in the revenue numbers below.

The overall Grants for Student Needs are projected to increase. TCDSB is projected to derive 92.8% of its operational revenues from the Provincial Grants for Student Needs (GSNs). The remaining funds are derived from Other Priorities and Partnership Funds (PPF) funds and other government agencies. Total funding is expected to increase by approximately \$5.2M. 2020-21 Revised Budget Estimates for Revenue projections are as follows:

<i>Funding Source</i>	<i>2020-21 Budget Estimates (\$M)</i>	<i>2020-21 Revised Budget Estimates (\$M)</i>	<i>Change (\$M)</i>
GSNs	1,088.9	1,065.2	(23.7)
Other Grants and Revenues	83.9	113.4	29.5
Total	1,172.8	1,178.6	5.8

3. Budgeted Revenues increased by \$5.8M due to the following:

- Grant for Student Needs (GSN) decreased due to the loss of 2,002 ADE grantable enrolment of (\$15.2M) in all GSN categories.
- A large increase in unfunded Teacher staffing of 319 teachers to support smaller class sizes has caused a (\$9.1M) decrease in the teacher compensation grant. A similar decrease in the Designated Early Childhood Educators (DECE) compensation grant of 42 additional DECE's were hired for smaller FDK classrooms. The new teachers and DECE are less experienced and therefore are lower in their respective salary grids generating less funding for these staff
- Priority and Partnership Funding (PPF's) increased in total by \$46.3M overall. Mainly due to \$25.4M of funding received for COVID- 19 related costs from the Federal and Provincial Governments (**See Appendix B**). The EDU also provided funding in the amount of \$22.7M for GSN Stabilization funding due to loss on enrolment. There were other reductions in PPF grants of (\$1.1M)
- Visa Tuition Fees decreased by (\$11.6M) due to the loss of 723 ADE Visa Students because of closed borders.
- Rentals and Community Use of Schools permits decreased by (\$3.0M) also due to COVID-19.
- There were also other areas that lost revenue totalling (\$2.3M).

4. Budgeted Expenditures increased by \$34.6M due to the following: Most of the increases is due to additional staffing required due to COVID-19

	Instructional Related Expenditure Categories	2020/21 Budget Estimates	Net Change Increase/ (Decrease)	2020/21 Budget Revised Estimates
1	Classroom Teachers	652,773	28,568	681,341
2	Occasional Teachers	33,322	-	33,322
3	Education Assistants	56,031	1,536	57,567
4	Designated Early Childhood Educators	28,142	1,207	29,348
5	Professional & Para-professionals	58,217	2,128	60,345
6	Textbooks & Classroom Supplies	23,803	(2,388)	21,415
7	Computers	10,782	2,691	13,473
8	Staff Development	2,474	-	2,474
9	In School Administration	70,856	2,079	72,935
10	Teacher Consultants & Coordinators	6,311	-	6,311
11	Cont. Ed. (incl. International Language./Summer Schools.)	22,597	(529)	22,068
12	Other Operating Expenditures	36,249	(699)	35,550
	Sub-Total Classroom	1,001,557	34,593	1,036,149

Instructional Related Expenditures Variance Analysis – Additional Details can be referenced in Appendix A, of this report.

1. Classroom Teacher costs have increased by \$23.8M due to an increase in additional Elementary Teachers of 216.8 FTE and 3.64 Secondary Teachers. Average Salary and benefits increased by \$4.8M.
2. The Occasional Teachers' costs are estimated to be approximately the same.
3. Education Assistants costs have increased by \$1.5M mainly due to the addition of 25 FTE positions.
4. Designated Early Childhood Educators costs have increased by \$1.2M mainly due to increases in staffing of 42 FTE positions.
5. Professionals and Paraprofessionals have increased by \$2.1M mainly due to a transfer of 16 FTE positions from the Board Administration category. 4 additional FTE Return to work officers and 5 additional FTE Child and Youth Workers.
6. Textbook and Classroom Supplies have decreased (\$0.3M) due to an enrolment decrease and a decrease of (\$2.1M) in International Students Visa Commissions.
7. Increase in computer costs of \$2.7M due to COVID-19 related costs for the acquisition of computers, iPads and other IT related technology.
8. No change in Staff Development budget.
9. In School Administration, costs have increased by \$2.1M due to the addition of supply principals to help at schools.
10. No change in Teacher Consultants and Coordinators.
11. Continuing Education decreased by (\$0.5M) due to a decrease in Adult Credit courses and International Languages Enrolment.
12. Other Operating costs have decreased due to a reduction in funding for various projects from the Priorities and Partnerships Fund (PPF) of (\$0.7M).

Reserve Balances:

1. ***During the Audit Committee meeting on November 17, 2020 regarding fiscal 2020-21, a determination has been made to use the Operating Contingency Reserve to offset additional costs related to COVID-19.*** The Board will have at its disposal \$47.5M of operating contingency to be used for COVID-19 related expenditures. This is in addition to the \$11.1M that has been internally appropriated for school block and IT expenses. The Board has already approved \$20.5M from the Operating Contingency Reserve to fund various COVID-19 related expenditures.
2. ***The Audit Committee has recommended the following amendment to the Strategic Reserve allocation. “Given that enrolments have been lost, there is a significant possibility that there will be a drop in Grants for Student Needs (GSN), that the Audit Committee recommend to the Board that the surplus for 2019-2020 be held, to be used to cushion and provide time for any permanent spending reductions for 2021-2022 budget. This excludes the proposed allocation to the IT Infrastructure of \$1.4 million.”*** The \$10.2M unused operating surplus from 2018-19 has been distributed as identified in point number two above.
3. ***The current estimated deficit for 2020-21 is \$39.7M.*** The Operating Contingency is at \$47.5 at the end of August 31, 2020. The TCDSB’s financial position is such that if all estimated costs should materialize, the deficit can be absorbed by the operating contingency reserve and still have a balance of \$7.8M to build upon for future years.

E. STAFF RECOMMENDATION

That the Board of Trustees approve a 2020-21 Revised Overall Budget Estimate including a deficit of (\$39.7M), with such deficit to be funded from the Accumulated Operating Contingency reserve and the submission of a modified In-Year Deficit Recovery Plan for Minister of Education approval (Appendix C).