



REPORT TO

REGULAR BOARD

DRAFT 2021-22 BUDGET ESTIMATES NON-INSTRUCTIONAL (REVISED)

“For the love of money is the root of all evils; it is through this craving that some have wandered away from the faith and pierced their hearts with many pangs.”

1 Timothy 6:10

Created, Draft	First Tabling	Review
May 31, 2021	June 10, 2021	Click here to enter a date.

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INFORMATION REPORT

Vision:

At Toronto Catholic we transform the world through witness, faith, innovation and action.

Mission:

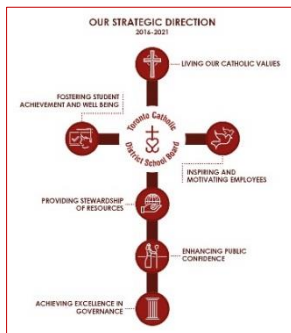
The Toronto Catholic District School Board is an inclusive learning community uniting home, parish and school and rooted in the love of Christ.

We educate students to grow in grace and knowledge to lead lives of faith, hope and charity.

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A. EXECUTIVE SUMMARY

Based on the GSN announcement to date, staff expect reductions across all program and service areas, to match the projected lower enrollment level.

The Ministry of Education announcements on May 4th affects program and service areas and addresses the return to school following the COVID-19 pandemic. Furthermore, the TCDSB is expecting lower enrollment compared to the current school year. As result of both factors, the 2021-22 Budget Estimates will contain reductions in both revenue and expenditures. However, given the uncertain nature of the COVID-19 Pandemic and the expected demands on the system to close the gap on student learning the TCDSB will not be able to deliver a balanced budget. With Ministry of Education permission, the TCDSB is expected to submit an overall budget estimate with a deficit of \$19.7M.

Two budget related 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 and reserve funding related discussions. Volumes 1 to 4 focus on both the overall budget as well as instructional related expenditures, while Volume 5-6 focus on non-instructional expenditures and financial sustainability.

The overall Grants for Student Needs are projected to decrease. TCDSB is projected to derive approximately 93% of its operational revenues from the Provincial Grants for Student Needs (GSNs). The remaining funds are received in the form of Priorities and Partnership Funds (PPF) and other government agencies. Total funding is expected to decrease by approximately \$26.7M from the December 2020 Revised Estimates. 2021-22 Revenue projections are as follows:

	<i>2020-21</i>	<i>2021-22</i>	<i>Change</i>
	<i>(\$M)</i>	<i>(\$M)</i>	<i>(\$M)</i>
GSNs	1087.3	1072.2	(15.1)
Other Revenues	91.3	79.7	(11.6)
Total	1178.6	1151.9	(26.7)

The total change in expenditures from December 2020 Revised Budget Estimates to 2021-22 Budget Estimates is less \$48.8M.

	<i>2020-21</i>	<i>2021-22</i>	<i>Change</i>
	<i>(\$M)</i>	<i>(\$M)</i>	<i>(\$M)</i>
Instructional	1,002.8	958.7	(44.1)
Non-instructional	182.2	172.6	(9.6)
Other & PPF	35.6	40.4	4.8
Total	1,220.5	1171.7	(48.8)

The total change from December 2020 Revised Budget Estimates to 2021-22 Budget Estimates is a deficit of \$19.7M. Total Revenues in the Budget Estimates is \$1,151.9M and the Expenditures is \$1,171.6M which will result in a net deficit of \$19.7. The deficit will be funded from a number of unallocated reserves and an unused portion of current year school block budget.

(\$M)	2020-21	2021-22
Operating Revenues	\$1,178.6	\$1,151.9
Less: Operating Expenditures	<u>\$1,220.5</u>	<u>\$1,171.6</u>
Surplus/(Deficit)	\$(41.9)	\$(19.7)
Operating Contingency Reserve	\$41.9	\$7.8
IT Infrastructure Reserve	0	\$2.8
IT System Reserve	0	\$3.1
Unused Block budget	0	\$6.0
Balanced Budget	\$0.0	\$0.0

In addition, the Ministry of Education has created a COVID-19 Reserve “top-up” program for COVID-19 Expenditures. This program could generate up to \$23M for the TCDSB by the completion of the 2021-22 school year. If the TCDSB is able to qualify for these funds, they will be used to replenish the used Reserves accounts as well as school block budget.

The cumulative staff time required to prepare this report was 180 hours.

B. PURPOSE

1. This report has been prepared for the Board of Trustees in order to receive the Non-Instructional Expenditure Categories (Volume V & VI), appearing in the attached 2021-22 Budget Book (Appendix A).

C. BACKGROUND

1. *The Ministry of Education released B and SB Memorandums regarding the 2021-22 Grants for Student Needs on May 3rd, 2021.* These Memorandums provide an update to the 2021-22 Budget Estimates' GSN calculations and address the ongoing financial challenges due to the Covid-19 Pandemic.
2. *Total projected overall GSN funding for the TCDSB is decreasing. Although government is providing additional funds for COVID-19 related expenses, a decline in TCDSB's projected enrollment is driving an overall significant reduction in funding.* In response to the negative enrolment impact brought on by the pandemic, District School Boards are required to adjust staffing levels in compliance with provincial legislation due to the elimination of funding stabilization amounts received as a one-time adjustment for the 2020-21 fiscal year.

D. EVIDENCE/RESEARCH/ANALYSIS

Budget Consultation Feedback

1. *The 2021-22 budget consultation launched on March 30, 2021.* The consultation included an enhanced webpage with supporting documents and tools for local school communities to initiate consultations in a number of ways. Consultation tools included website and social media, virtual town halls, online surveys, and Frequently Asked Questions (FAQs).
2. *On March 30, 31 and April 20, 2021, Virtual Town Halls were held from 6:00-7:30 p.m. with attendees able to access via Zoom and YouTube.*
3. *During April and May staff held several virtual meetings with*

stakeholders. These meetings including unions, associations, Catholic Parent Involvement Committee (CPIC), Ontario Association of Parents in Catholic Education (OAPCE), and Special Education Advisory Committee (SEAC)

4. *Staff used input from the consultation process as a guide towards maintaining service levels were possible.* However, there are legislative restrictions, collective agreements and funding restrictions factored into making these difficult decisions. A report to Corporate Services Committee on June 8, 2021 will provide a detailed version of the results of the public consultation.

Summary of Overall Changes and use of Reserves

1. The Revenue and Expenditure Changes for 2021-22 from Estimates to Revised Estimates is summarized in greater detail below:

DESCRIPTION	Amount \$M
REVENUE CHANGES:	
COVID- 19 related funding for Federal and Provincial	(26.1)
Stabilization Funding for Operations	(22.7)
GSN Allocation Reduction due to Enrolment	(3.0)
Other Various Revenue loss	(2.2)
International VISA Student decline in Enrolment	(1.8)
Total Estimates Revenue Loss for 2021-22	(55.8)
Other Various Revenue Grant Increases	12.8
COVID- 19 related funding Provincial – 2021-22	8.9
Priority and Partnership Funds (PPF)	7.4
Total Estimates Revenue Change for 2021-22	(26.7)
EXPENDITURE CHANGES:	
Net Reductions in Instructional staff costs	38.4
Net Reductions in School Operations staff costs	11.4
Net Reduction in Student Devices costs	2.3
One-Time School Block Allocation	2.3
Temporary Accommodations Costs	1.3
Total Estimates Expenditure decreases for 2021-22	55.7

Transportation cost increases	(2.1)
Other Operating Expenditures Increases	(4.8)
Total Estimates Expenditures Change for 2021-22	48.8
Opening In-Year Surplus/(Deficit)	
Revenue Changes	(26.7)
Expenditure Changes	48.8
Closing In-Year Surplus/(Deficit)	(19.7)
FUNDING THE IN-YEAR DEFICIT	
Closing In-Year Surplus/(Deficit)	(19.7)
Withdrawals from Operating Contingency Reserve- Estimated at the end of Aug 31, 2022	7.8
Withdrawals from IT Infrastructure Reserve - Estimated at the end of Aug 31, 2022	2.8
Withdrawals from IT Systems Reserve - Estimated at the end of Aug 31, 2022	3.1
School Block Budget unused funds at Aug 31, 2021	6.0
Total Funds Used from Reserve	19.7

2. *The Ministry of Education is providing a reserve “top up” program for COVID-19 related costs up to 2% of 2021-22 Operating Allocation.* Should the TCDSB may incur an in-year deficit over the current year and next year over 2%, the Ministry of Education will fund additional use of reserves up to 4%. This would mean that the TCDSB’s could receive additional ministry funding up to \$23M. However, only half of that or one percent will be available for the first 6 months. The final allocation will be based on boards submitted 2020-21 and 2021-22 Financial Statements.

3. **If the TCDSB receive this additional funding from the Ministry of Education, that are recommend that the following funds be replenished because they were used to fund the in-year deficit.** Funds would be replenished, based on the total amount provided the Ministry, in the following order:

Fund/Reserve	Amount \$M
Operating Contingency	7.8
IT System Reserve	3.1
IT Infrastructure Reserve	2.8
School Block budget carry-over	6.0

Any additional funds above these amounts would be flow to the Operating Contingency Reserve.

Summary of Non-Instructional Expenditures

4. *The chart below provides a comparison between the 2020-21 revised budget and the 2021-22 budget estimates by category.* Following the table is a brief analysis of each Non-instructional line items explaining the differences between each year's budget.

	Non-Instructional Related Expenditure Categories	2020/21 Budget Revised Estimates	Variance Incr./ (Decr.)	2021/22 Budget Estimates
1	Administration and Governance	26,443	750	27,193
2	School Operations & Maintenance	111,223	(11,041)	100,182
3	Transportation	40,722	2,143	42,865
4	Temporary Accommodation	3,774	(1,424)	2,350
	Sub-Total Non Classroom	182,162	(9,572)	172,589

The following is related commentary regarding key line-item change:

- **#1 - Board Administration and Governance Cost's Increased.** There is an overall increase of 1% as a result of new collective agreements as well as some additional investment in new Employee Relation Investigator areas and the conversion of a Contract Recording Secretary to permanent status.
- **#2 - School Operations and Maintenance have decreased \$11.1M.** There is an overall increase in salary and benefits and utility costs but a greater reduction in one-time COVID -19 related costs as well as due to enrolment. Separate COVID-19 funding will further help offset the decrease in staffing.
- **#3 - Transportation costs have a net increase of \$2.1M.** There are one-time costs increase due to school relocations, the continuation of COVID cleaning costs, and increase in the projected contract rates for buses.
- **#4 - Temporary Accommodation funding has decreased.** Due to a reduction in leasing cost, funding has declined accordingly.

Ward-Based Playground Budget

5. *At the June 8th, 2021 meeting of the Corporate Services Committee, the Board of Trustees passed a motion directing staff to include a ward-based playground fund valued at \$1.2M in the base annual budget.* Previously the ward-based playground program was funded through a Strategic Reserve that was only replenished if the TCDSB incurred an annual surplus. There is no projected annual surplus in 2020-21 fiscal year.
6. *Staff have reviewed this motion and determined that the most appropriate funding source for this work would be from a combination of the School Condition Index (SCI) Grant and School Renewal Allocation (SRA) grant.* The SCI and SRA grants have some flexibility to accommodate landscaping and “fixed” structures for playground areas and outdoor classrooms; However, it should be noted that using these funds for playgrounds will mean that there is \$1.2M less available for building renewal work and related projects on an annual basis.
7. *Work associated with SCI and SRA funds are budgeted (planned) in the yearly School Renewal plan which is typically presented to The Board of Trustees in December.* Although the plan is presented in December, funds are available for use starting at the beginning of the fiscal year (September) because SCI and SRA grants are part of the Ministry of Education’s annual grant allocation process. As it was with Playground Reserve, funding will be allocated at \$100,000 per ward.
8. *As result of the changes above, staff will decommission the Playground Reserve included in the Strategic Reserve Policy.* The Strategic Reserve Policy (FM09) defines the use and funding source for the Strategic Playground Reserve. The reserve is only funded when there is an in-year budget surplus. As such, the funding is sporadic. Given the funds will now be planned in the annual budget, this part of the Reserve Policy will no longer be needed. The Policy will be updated at the next opportunity and present to the Board of Trustee for final approval.
9. *Funds for ward-based playground projects will be allocated using a similar application process to the one used in 2019, with minor changes to enhance scoring for schools in lower socioeconomic areas of the city*

as per the approved Trustee motion. Commencing in the Fall of 2020, Staff will work with Trustees to re-establish the ward-based playground program and kick-start the application process with school communities.

E. CONCLUDING STATEMENT

This report is for the information of the Board of Trustees. Staff will bring a finalized overall balanced budget to a Special Board Meeting later in June, for approval, that consolidates all input and direction received by Trustees.