

2023-2024 Budget Framework

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Presented to: Board of Trustees

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DISCUSSION ITEMS

- Current Situation
- Short Term Flexibility
- 23-24 Budget Plan
- Funding Uncertainty
- Future Considerations
- Challenges/Restrictions
- Reserve Summary
- Looking Ahead: Next Steps
- Stakeholder Consultation

CURRENT SITUATION

- 22-23 in-year operating deficit of \$25M is not sustainable
- Five-year enrolment decline of 7.5% with variable staffing adjustments of 2.5%
- Enrolment decline projected until 2025 with rebound to present levels by 2027
- Global factors include inflation, sick leave, bargaining, funding, school utilization
- Further pressures of \$10M to be incorporated into the 23-24 budget framework
- The current operating contingency should be preserved for year end liabilities
- Use of the strategic reserve will be required to support a multi-year budget plan

SHORT TERM FLEXIBILITY

- Staffing – minimum obligations, repurpose, attrition, vacancies
- Technology – device strategy, centralized vs local school purchases
- Facilities Services – system service levels, efficient school utilization
- School Budgets – school financial capacity, integration with central supports
- Departmental Budgets – review for potential savings and/or deferrals
- Academic Services – review for alignment/synergy/integration/redirect
- Transportation – review potential bell time optimization opportunities

23-24 BUDGET PLAN

- Multi-Year Budget Framework
 - Address 22-23 reserve use (\$25M) in the 23-24 Budget Plan
 - Offset inflationary pressures 22-23 to 23-24 with reserves (\$10M)
 - Address 23-24 reserve use (\$10M) in the 24-25 Budget Plan
 - Offset inflationary pressures 23-24 to 24-25 with reserves (\$5M)
 - Address 24-25 reserve use (\$5M) in the 25-26 Budget Plan
 - Address inflationary pressures 24-25 to 25-26 in the 25-26 Budget Plan

23-24 BUDGET PLAN

- Non-Staffing Adjustments - \$12.5M
 - Improved enrolment (updated decline of 800 vs initial 1300) - \$1M
 - Reduced inflationary impact re: non-staffing expenditure - \$1M
 - Increased Community Use Permit Revenue (net of PSI) - \$500K
 - School Operations and Maintenance (reduce, curtail, defer) - \$500K
 - Departmental Budgets (reduce, curtail, defer) - \$250K
 - Integration of school-based technology costs (central vs local) - \$1M
 - Supplemental School Supervision (adjust to 1.5 hours) - \$2M
 - Multi-Year Device Strategy (review timing, cycle, scope) - \$6.25M

23-24 BUDGET PLAN

- Staffing Adjustments - \$12.5M
 - System right-sizing to reset variable staffing to current enrolment for 23-24
 - Review non-variable staffing, supports, services in zero-based budget process
 - Adjust teaching allocations to funded parameters and CA provisions
 - Includes all categories (ie - classroom, prep, Spec Ed, ESL, centralized)
 - Elementary - \$6M (60 FTE on a base of 3,730 FTE = 1.6%)
 - Secondary - \$3.5M (35 FTE on a base of 1,865 FTE = 1.8%)
 - Resource Teachers (redirect savings of \$300K to increase ESL)
 - Early Childhood Educators (place only in qualifying classes) - \$300K
 - School Administration (leaves, absences, virtual school) - \$700K
 - Position Management (vacancy savings, future attrition) - \$2M

FUNDING UNCERTAINTY

- Grants for Student Needs (GSN) – timing unknown – planning memo not issued
- Learning Recovery Funding (LRF) – has not been confirmed (supports staffing)
- Right to Read – targeted funding and direction has not been provided
- Program and Priorities Funding (PPF) – has not been confirmed (staffing, PD)
- Support for Students Funding (SSF) – has not been confirmed (supports staffing)
- Investment in System Priorities (ISP) – has not been confirmed (supports staffing)
- Transportation Funding Reform – has not been communicated (standardization)
- Sick Leave – significantly underfunded vs actual (accelerated reserve depletion)

FUTURE CONSIDERATIONS

- Staffing – identify restrictions, quantify limitations, maximize/repurpose/adjust
- Transportation – system bell time optimization opportunities, assess restrictions
- Technology – IT Strategic Plan, funding/financing options (Devices, ERP)
- Utilization – Long Term Accommodation and Program Plan, closure moratorium
- Special Education – assess core system supports, legislative requirements
- Board Policies – transportation parameters, admissions considerations
- System Programs – legacy initiatives, over/under subscribed, new directions
- Zero Based Budget – inquiry based, expenditure classification and validation

CHALLENGES/RESTRICTIONS

- Sick Leave – funding does not support plan experience/costs
- School Utilization – school closure moratorium, operating impact
- Technology – infrastructure, equipment, major systems software
- Transportation – funding reform, inefficiencies (bell times, drivers)
- Learning Recovery, Right to Read – funding commitment/direction
- Collective Agreements – legacy provisions, processes, inefficiencies
- Declining Enrolment – continuous right-sizing, maintain core infrastructure
- Demographics – complex ecosystem, diverse needs, targeted supports
- Decision Context – system expectations, system vs local, short vs long- term

RESERVE SUMMARY (PLANNED)

- 21-22 Year End – absorbed \$10M of additional unfunded sick leave costs
- Operating Contingency – presently \$5M (after \$25M for 22-23 Revised Estimates)
 - Maintain for any unexpected funding/cost fluctuations
- Strategic Reserves – presently \$30M (IT Strategic Plan, Administrative Facilities)
 - Current commitments of \$15M (does not include ERP)
 - 23-24 Budget – use \$10M to offset new pressures (while addressing \$25M)
 - 24-25 Budget – use \$5M to offset new pressures (while addressing \$10M)

RESERVE SUMMARY (PROJECTED)

- 22-23 Q2 Forecast – projecting \$10-15M of additional unfunded sick leave costs
- All operating reserves will be depleted by December 2023
 - After 15M to complete current strategic reserve commitments
 - After \$10M to support 23-24 Budget Framework
 - After absorbing sick leave costs of \$10-15M at 22-23 Year End
- No reserve for 23-24 Revised Estimates re: potential fluctuations/adjustments
- No reserve for 24-25 Budget (will need to address \$15M instead of \$10M)
- No reserve for 23-24 Year End re: additional unfunded sick leave costs

LOOKING AHEAD: NEXT STEPS

- 23-24 Budget Framework (March)
- Enrolment and Staffing Projections (March)
- Ministry Funding Overview (April)
- Q2 Report and Mid-Year Forecast (April)
- Stakeholder Consultation (ongoing)
- Preliminary Budget (May), Final Budget (June)
- Senior Team Discussions (ongoing)
- Dialogue with Ministry Officials (ongoing)
- OCSTA re: Current Funding Issues (April)

STAKEHOLDER CONSULTATION

- Focus Groups (February, March, April)
 - Attended/attending regular meetings of SEAC, CPIC, CSLIT
 - Hosted/hosting information/input sessions with Labour Partners
- System Survey (April 3-28)
 - Gather input from system stakeholders re: strategic priorities in alignment with MYSP
- Virtual Town Hall (April 18)
 - Q&A session with TCDSB community members from 6:00 to 7:30
 - Panel to review framework, priorities, context, and invite questions/comments/input
- Summary of stakeholder input and survey results to May 11 Corporate Services