

Financial Update

Presented to: Board of Trustees

Date: November 21, 2024

DISCUSSION ITEMS

- 2023-24 Year End Results
- 2024-25 Budget Update
- Ministry Deficit Approvals
- Special Assistance Team
- Next Steps

2023-24 YEAR END RESULTS

- In-year operating deficit of \$19.6M
- Improvement of \$38.5M vs 2023-24 Revised Estimates
- Accumulated deficit (debt) = \$9.3M at August 31, 2024
- Improvement due to:
 - One-time revenues
 - Staffing vacancies throughout the year
 - Expenditure management

2024-25 BUDGET UPDATE

- 2024-25 Estimates in-year deficit of \$66.5M
 - Structural deficit factors common to all Boards:
 - Sick Leave – underfunded Provincial plan
 - School Operations – closure moratorium
 - Statutory Benefits – unfunded increases since 2021
- TCDSB accounts for one-third of the total Provincial School Board deficit
 - Unique local priorities and commitments of \$60M

2024-25 BUDGET UPDATE

- Currently working on 2024-25 Revised Estimates
 - Anticipating deficit at or below initial Estimates
 - Enrolment increase, staffing adjustments
 - Interest income, Continuing Education
 - Revised Estimates to be presented at December Board

MINISTRY DEFICIT APPROVALS

- March 2024: Ministry approved 2023-24 in-year deficit and notified the Board they would be engaging a Special Assistance Team (SAT) to review the deficit
- September 2024: Ministry approved 2024-25 in-year deficit under the condition a Multi-Year Financial Recovery Plan (MYFRP) be submitted including:
 - A high-level summary of the proposed action plan
 - Detailed descriptions of measures being proposed
 - Consider both operating and capital requirements/opportunities
 - Be attainable in short term and sustainable in long term
 - Address annual in-year deficit and accumulated deficit

SPECIAL ASSISTANCE TEAM

- The Ministry appointed Deloitte as the Special Assistance Team (SAT)
 - Identify potential savings measures with the goal of a balanced budget and eliminating the accumulated deficit
- SAT is required to explore everything that is possible and provide independent observations/recommendations
 - The report will inform discussions between the Ministry and Board in setting targets and developing the MYFRP
 - Nature and timing of potential cost savings measures to be determined

SAT SCOPE

- Review funding and expenses from 2019-20 to 2023-24
 - Verify structural deficit
 - Key areas of over/underspend
 - Budget setting/monitoring processes
- Confirmation of cost saving measures already implemented
- Identify other potential operating savings or cost avoidance measures that have not yet been implemented
- Review anticipated cost pressures and future cash flow requirements
- Assess land and school inventory for opportunities to address underutilization and identify potential surplus properties

SAT AREAS OF FOCUS

- Elementary Prep Time
- Secondary Class Size
- Transportation
- Unfunded Programs
- Absence Related Costs
- Special Education Envelope
- Overall Staffing Levels
- School Utilization and Operations
- Capital Footprint and Proceeds of Disposition

NEXT STEPS

- Staff continue to work with SAT and MOE to provide information and context
- SAT to provide a report to the Ministry which will then be shared with the Board
 - Report to identify potential savings as immediate, short-term and long-term
- Ministry to determine and communicate the MYFRP targets
 - Staff to develop the MYFRP and bring to the Board for approval
 - This will be an ongoing multi-year process (no easy options/solution)
 - Framework to identify and unlock potential cost saving measures
 - Keep debt manageable while saving measures are implemented