



REPORT TO

REGULAR BOARD**TCDSB MULTI-YEAR RECOVERY PLAN (2015-2019)**

“Ask and it will be given to you; seek and you will find; knock and the door will be opened to you. For everyone who asks receives; he who seeks finds; and to him who knocks, the door will be opened”

Matthew 7:7-8

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January 4, 2016	January 28, 2016	February 18, 2016

P. De Cock, Comptroller of Business Services & Finance

P. Matthews, General Legal Counsel

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



G. Poole

Associate Director of Academic Affairs

A. Sangiorgio

Associate Director of Planning and Facilities

Angela Gauthier

Director of Education

A. EXECUTIVE SUMMARY

This report presents a Multi-Year Recovery Plan as required by the Ministry of Education in order to eliminate TCDSB's in-year deficit and accumulated deficit by 2018-19. This proposed plan will eliminate the accumulated deficit of \$15.3M by the end of 2018-19 and mitigate the shortfall arising from future reductions to Ministry funding over the next three years.

Deloitte LLP was retained by the Ministry of Education to work with TCDSB towards the development of a Multi-Year Recovery Plan and make recommendations towards a budget reduction strategy. Albeit the Deloitte plan and recommendations work within a three year timeframe, this report also contains a request to the Ministry of Education to extend the timeline by one year. This request to extend to a 4 year timeline has been approved by the Ministry of Education. In this manner, the reduction measures which may lead to staff redundancies, can be more closely aligned with natural attrition rates and allow for revenue generating opportunities to be realized.

A four year recovery plan will help the organization to absorb the considerable and inevitable pressures on the services delivered by the TCDSB given the reductions, especially in the area of Special Education and Early Literacy Intervention.

The proposed financial plan included in this report identifies the selection of specific expenditure reduction opportunities, their respective timelines, related impacts, and provides some risk mitigation strategies as well as contingency plans for programs and services which may experience reductions.

B. PURPOSE

1. This report is an official response to the Ministry of Education's formal request for TCDSB to develop a Multi-Year Recovery Plan (MYRP) and discloses that the Ministry of Education has agreed that the Board's MYRP timeframe will be for the four years ending August 31st 2019. This proposed MYRP plan requires Board approval before final submission to the Ministry of Education by the end of February 2016. The Board of Trustees' approval will be sought at the Board meeting scheduled for February 18th 2016.

C. BACKGROUND

1. The Ministry of Education mandated the Director of Education to develop a draft deficit recovery plan at the earliest opportunity and report that draft plan to the Board of Trustees for approval.
2. Deloitte LLP was retained by the Ministry of Education to assist the TCDSB in formulating a MYRP and identifying expenditure reduction opportunities. Deloitte's report to TCDSB is attached as Appendix A.
3. A detailed multi-year financial plan (Appendix B), which includes a high level overview of significant expenditure reductions, impact assessments and identification of associated risks has been formulated for approval by the Board of Trustees prior to being submitted to the Ministry of Education. Included in this planning exercise is a request to the Ministry of Education to extend the timeline by 1 year to the fiscal year ending August 31st 2019 (Appendix C). The Ministry of Education's positive response appears in Appendix D.
4. Extensive community consultation concerning the MYRP as outlined in Section F of this report will be undertaken early in 2016, as the budget planning activities begin for the 2016-17 Budget Estimates.

D. EVIDENCE/RESEARCH/ANALYSIS

1. This report provides 3 MYRP scenarios for consideration in Tables 1-1, 2-1 and 3-1 (Appendix B):
 - a) The first scenario appearing in Table 1-1 proposes budget reductions totalling \$19.1M spread out over the next two years beginning in 2016-17.
 - b) The second scenario appearing in Table 2-1 proposes budget reductions totalling \$25.7M spread out evenly over the next three years beginning in 2016-17.

- c) The third scenario appearing in Table 3-1 proposes budget reductions totalling \$28.4M spread out over the next three years with the objective of not increasing the Accumulated Deficit in each year and eliminating the Accumulated Deficit in the 3rd and final year of the MYRP.
2. TCDSB staff are recommending the third scenario which defers the elimination of the accumulated deficit to the 3rd and final year of the MYRP. This scenario proposes to utilize the ASO Benefits Surplus, if any, as an one-time budget savings in the fiscal year 2018-19. This approach will align the budget reductions to the greatest extent possible with the natural attrition rates for employee groups. TCDSB is committed to maintaining employees' motivation and well-being throughout this period of structural and systemic change and will engage the appropriate stakeholders at various levels of the restructuring process.
 3. The most significant and long-standing cost pressures facing TCDSB has been in the areas of Special Education, Transportation Services and Teacher Salaries and Benefits which exceed Provincial funding benchmark rates. Given the overspending in these areas, TCDSB has historically always offset these overspenders by underspends in areas such as Board Administration, School Operations & Maintenance, English as a Second Language Programs (ESL) and Textbooks & Classroom Supplies. Any further reductions to Board Administration and School Operations & Maintenance would lead to significant operational risks in areas that have undergone significant reductions in the past. As identified within the Deloitte LLP Report, "it will be important to minimize any further reductions in administration and operations, as these functions are already lean and need capacity to implement successfully many of the recommendations." (Appendix A, pg.3)
 4. The Toronto Catholic District School Board ended the 2014-15 fiscal year-end with an accumulated year-end deficit of \$15.3M which is the sum total of the previous year's accumulated deficit of \$7.4M and the 2014-15 actual fiscal year-end in-year deficit of \$7.9M.
 5. TCDSB has already embarked upon a significant recalibration of programs and service delivery models in order to realize the Board approved budget reductions totalling \$29.4M in the fiscal year 2015-16. This significant commitment to reducing the expenditure budget already includes substantial changes in the area of Special Education. Board staff are aggressively

monitoring and quantifying the impact of the program delivery model changes, and building additional capacity in the regular classroom in order to mitigate the impact of reductions to central supports. This process of building capacity in the regular classroom will require a re-culturing in the classroom supported by intensive professional development interventions.

6. We express our gratitude to all TCDSB community stakeholders, all of whom have worked diligently and professionally towards achieving the required changes to programs and services while maintaining the focus on student success and well-being.
7. In addition to the projected accumulated deficit, the Ministry of Education has already announced further grant for student needs reductions amounting to approximately 0.8% or \$8M reduction per year over the next three years. These projections do not account for any possible grant reductions due to enrolment changes.
8. Inclusive in the overall projected grant reduction, the School Operations & Maintenance Grant allocation will be under additional pressure by approximately \$3.3M over the next two fiscal years.
9. Given the identified and approved expenditure reductions totalling \$29.4M in 2015-16, further expenditure reductions spread over the next three years are required in order to mitigate the additional losses in provincial grants and ensure that TCDSB is both balanced in-year and progressing towards the elimination of the accumulated deficit.
10. The recommended expenditure reduction strategies and their associated implementation timelines appear in Table 3-1 and 3-2 (Appendix B).
11. Throughout the budget communication and engagement process, the Board of Trustees requested additional comparative analyses. The additional analytics appear in Appendices G, H, I and J.

E. METRICS, RISKS AND OPPORTUNITIES

1. Board staff will strive to protect all TCDSB community members including students, parents and parish communities by developing mitigation strategies

for each proposed budget reduction. Aligning the reductions with natural attrition rates will serve the best interests of employees and their respective families. Instilling and developing a greater capacity within the regular classroom will continue to foster student success and the well-being of each student and ensure greater inclusivity in the delivery of programs.

2. The recommended expenditure reduction opportunities contained within Appendix B of this report will be measured and monitored by comparing the multi-year recovery plan to actual revenues and expenditures received and incurred. In addition, Board staff will continue to monitor and assess the impact of budget risks which may create future funding or cost pressures. These future risks may create cost pressures due to occasional teacher usage rates and transportation bussing costs. As these risks materialize, in-year and subsequent year budget adjustments will be brought forward to the Board of Trustees for consideration and approval.
3. On February 9, 2016, at the Corporate Services, Strategic Planning and Property Committee meeting, the Board approved the awarding of a contract for school bus transportation services. The contract is for a six-year term and is a joint agreement between TCDSB, TDSB, and 7 school bus companies. TCDSB will see its share of school bus transportation costs increase by approximately \$3.7 million over the current year's cost. This cost pressure will result in an increase of approximately \$11.1 million in transportation expenditures over the next 3 fiscal years ending August 31, 2019. This increase in transportation costs will necessitate a further permanent expenditure reduction of \$3.7 million in 2016-17, which will have the effect of requiring an increase in total expenditure reductions from \$28.4M to \$32.1M in Scenario 3.

The Board further resolved that the Directors and Chairs of the TCDSB and TDSB request a meeting with both political and administrative leaders at the Ministry of Education to address the significant imbalance in transportation funding.

4. It is anticipated that additional changes will need to be considered especially in the area of Special Education and Early Literacy Support. In the area of Early Literacy Support, programming at the Full Day Learning level will better enable students to achieve success in the primary grades and reduce the need for 5th Block Program interventions. Central Support Teams will

provide professional development at the Full Day Learning level in order to build the required capacity in the TCDSB.

5. The development of capacity throughout the TCDSB, and the re-visioning of special education delivery of services will be facilitated by the recently approved Special Education Working Committee. This committee is comprised of various Board staff representatives who will be involved in planning and developing alternative Special Education Program delivery models, and following-up by actively monitoring and assessing the impact and results. The recommendations of this committee will be brought forward for appropriate consultation, engagement and Board approval.
6. The delivery of alternative Special Education Programs, which has already begun during the current year (Appendix E), will continue to be retooled and streamlined in order to respond with efficacy and efficiency. Some anticipated changes will be seen in the reorganization of Intensive Support Programs (ISP), i.e. Behaviour, Learning Disability (LD) and Mild Intellectual Disability (MID) classes. A greater degree of integration of these students from Special Education classrooms will take place. It is widely acknowledged that the integration into mainstream classrooms is a fundamental goal for all children. In order to effectively implement this move to greater integration, it is recognized that the Board will need to provide extensive opportunities for Professional Development to Classroom Teachers.
7. In addition, a redefinition of the criteria used to assign Support Workers to those areas of greatest student need will be required. The Working Committee will continue to develop and assess the required mitigation strategies and processes in order to ensure that we are successfully providing Special Education services.
8. The restructuring of our professional development model has seen a shift from centrally controlled and delivered activities to a more decentralized model. Resource staff has been allocated to work with the family of schools' Superintendents and Principals. This will facilitate the more accurate determination of local needs and the tailoring of professional development to meet those specific needs, as identified by school staff and administration (Appendix F).

9. Albeit, the above mentioned reorganization strategies, capacity building actions and professional development opportunities are important objectives, there can be no doubt that the Multi-Year Recovery Plan's primary objective is to achieve long-term financial stability while providing a level of service consistent with TCDSB's commitment to high quality catholic education.

F. STRATEGIC COMMUNICATIONS AND STAKEHOLDER ENGAGEMENT PLAN

1. The Communications and Community Engagement Strategy for the TCDSB Multi-Year Recovery Plan (MYRP) has been specifically designed to reflect the compassion and care dictated by applying the Catholic lens to this important process. Emphasizing the important and unique roles of family, parish and school in these consultations underscores the Board's commitment to retaining public confidence and ensuring transparency at all levels of the TCDSB community regarding the measures necessary to comply with the **Ministry of Education's directive to eliminate the Boards deficit by the end of the 2018-2019 fiscal year.**
2. A submission deadline of the Board's MYRP at the end of **February 2016** has been established by the Ministry of Education. Given the critical nature of the MYRP to the financial future of the Board, and the comprehensive consultation process required, the community engagement level of "Involve" has been set.

Community engagement level "Involve" requires:

To work directly with the community members throughout the process to ensure that their concerns and aspirations are consistently understood and considered in decision-making processes.

3. To optimize stakeholder input in as comprehensive a process as possible regarding the MYRP, the parameters for public consultation and communication is guided by these key factors:
 - a) Alignment with dates for Special Board and pre-scheduled Standing Board/Committee meetings (see chart below in section 4) prior to the February 2016 submission deadline established by the Ministry of Education

- b) An interactive, virtual town hall forum for discussing the recommended changes and savings options identified by Deloitte, and other options arising from workshops involving Senior TCDSB staff and Trustees
 - c) Facilitate the need to be inclusive to reflect views of all TCDSB community members by overcoming language, cultural and socio-economic access barriers.
4. The TCDSB community will be given 8 opportunities to present their views (7 face-to-face opportunities and 1 virtual town hall)

All feedback received through public consultation activities will be reviewed to inform the budget recommendations in the MYRP Report for the three (3) years ending August 31st 2019 to be considered at the Board of Trustees meeting on February 18, 2016, as well as forming the foundation for budget consultations regarding the 2016-2017 Budget.

DATE	PUBLIC CONSULTATION ACTIVITY
1. Wednesday, January 20, 2016 Special Education Advisory Committee (SEAC)	<ul style="list-style-type: none"> •General overview of funding challenges related to Special Education to support awareness of these issues among SEAC members.
2. Thursday, January 28, 2016 Board Meeting	<ul style="list-style-type: none"> •Posting of Multi-Year Recovery Plan Report (MYRP) recommendations and accompanying appendices published and consultation page GO LIVE on TCDSB website. •Deputations heard and received at meeting.
3. Thursday, February 4, 2016 Student Achievement Committee Meeting	<ul style="list-style-type: none"> •MYRP to be addressed, deputations heard & received at meeting.
4. Tuesday, February 9, 2016 Corporate Services Committee Meeting	<ul style="list-style-type: none"> •Multi-Year Recovery Plan Report, deputations heard and received.
5. Wednesday, February 10, 2016 Special CPIC/OAPCE Meeting required as no current meeting scheduled in February	<ul style="list-style-type: none"> •Present Multi-Year Recovery Plan Report to CPIC members (with agreement of CPIC Chair and Committee) •Respond to questions and discuss recommendations that may impact directly on student success and parent engagement
6. Monday, February 8, 2016 Online Town Hall Webcast with chat feature	<ul style="list-style-type: none"> •Online presentation of MYRP recommendations and savings options to gather direct community stakeholder feedback. •Real-time answering of questions and discussion of MYRP recommendations
7. Wednesday, February 10, 2016 Meeting with Union Partners	<ul style="list-style-type: none"> •Consultation and discussion of MYRP recommendations and options.
8. Thursday, February 18, 2016 Board Meeting	<ul style="list-style-type: none"> •Multi-Year Recovery Plan Report, final discussion and approval for submission to Ministry

5. A section of the TCDSB web site will be dedicated to the MYRP, including: a Frequently Asked Questions (FAQs) information sheet developed to support and assist understanding of the financial issues and the use of “Ask the Director” feedback tool, which was used in the consultations for the 2015-2016 budget.
6. The Communications Plan will also be aligned to support the initiative through follow up in the Director’s Bulletin Board , Weekly Wrap Up, web (TCDSB’s external and internal portal), social media (i.e. Twitter) and E-newsletters, posters to engage and inform internal and external audiences and stakeholders. This will be further sustained through school newsletters. A formal request will be made to the Archdiocese to provide a link via their website, supported by information provided for inclusion in individual parish bulletins.
7. As a result of an on-line survey completed on February 11th 2016 (Appendix K), the highest number of the survey respondents indicated a preference for Scenario 3 of the Multi-Year Recovery Plan as shown in the table below.

TABLE 2:
Reponses by Option Selected

Option	Responses	%
Option 1 (Aggressive reductions over 2 years):	208	27%
Option 2 (Reductions spread evenly over 3 years):	169	22%
Option 3 (Reductions over 3 years, back-ended):	357	47%
*No option selected, comments submitted only:	31	4%

G. STAFF RECOMMENDATION

- 1) That the Board of Trustees approve Scenario 3 (Table 3-1 in Appendix B) as per Comment 1(c) in Section D, that “proposes budget reductions totalling \$28.4M spread out over the next three years with the objective of not increasing the Accumulated Deficit in each year and eliminating the Accumulated Deficit in the 3rd and final year of the MYRP
- 2) That the Director of Education quantify the additional cost pressures described in the report, and address the \$3.7M additional bussing transportation costs for a total required expenditure reduction of \$32.1M in the annual budget planning and consultation process.