



## REPORT TO

## REGULAR BOARD

## 2014-2015 REVISED BUDGET ESTIMATES

*Deuteronomy 15:10*

*Give generously to him and do so without a grudging heart; then because of this the LORD your God will bless you in all your work and in everything you put your hand to.*

Created, Draft	First Tabling	Review
December 1, 2014	December 11, 2014	January 6, 2015
S. Chitapain, Coordinator of Budget Services, D. De Souza, Coordinator of Revenue, Grants and Ministry Reporting P. De Cock, Comptroller for Business Services & Finance		
<b>RECOMMENDATION REPORT</b>		

**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 the 2014-15 Revised Budget Estimates in the amount of \$1.2B. The recommended Revised Budget Estimates continues our commitment to achieve effective, efficient and equitable programs and services while better meeting the needs of all students. In order to maintain stability for the system and to ensure that student achievement is not compromised, the 2014-15 Revised Estimates will contain a number of necessary changes to improve our financial position as part of a deliberate path back to a positive financial position with a priority to ensure that the current deficit situation does not adversely impact students and staff in the classroom. The Revised Budget Estimates projects an in-year deficit in the amount of \$9.6M and an accumulated deficit of \$17.015M at the end of the fiscal year 2014-15 (Appendix A) assuming staff recommendations are approved.

## **B. PURPOSE**

As part of the strategy to ensure financial stability and to provide effective stewardship of resources, we will continue to work to address the previous year's deficit and the in the in-year deficit without adversely impacting students and staff in the classroom. A multi-year deficit recovery plan will also be developed in collaboration with Ministry staff to address this deficit and enable the TCDSB to return to a positive financial position.

## **C. BACKGROUND**

Alignment with TCDSB's multi-year strategic plan (MYSP) is a critical element of TCDSB's Revised Budget Estimates. In addition to aligning the budget with TCDSB's MYSP, is the on-going need to ensure long-term budget sustainability. In fact, the development of the board's annual budget is one of the most strategic, but also the most time consuming and labour intensive functions undertaken by TCDSB's business administration.

It is important that the budget be developed in a thoughtful manner and that decisions respecting the expenditure of funds carefully weigh the

impacts and benefits to all TCDSB stakeholders across the near and long term horizon.

For 2014-2015 Revised Budget Estimates, the Board continues to maintain many of its current programs. Due diligence in apportioning increasingly limited resources to fulfil its objectives will remain a critical component of the Board's planning for the school system moving forward into the future.

## **D. EVIDENCE/RESEARCH/ANALYSIS**

### **1. Budget Estimates 2014-2015**

The Budget Estimates 2014-15 was approved at the Special Board meeting held on June 16, 2014. The 2014-15 Operating and Capital Budget Estimates approved in the amount of \$1.2B projected an in-year surplus in the amount of \$0.198M and an accumulated surplus of \$5.638M by the fiscal year ending August 31, 2015.

### **2. 2014-2015 Revised Budget Estimates**

When developing the 2014-15 Revised Budget Estimates, the Revised Budget Estimates need to be adjusted in order to align with the revised funding regulations, updated enrolment projections and the previous year's deficit. The resulting 2014-15 Grants for Student Needs (GSN) calculations in the provincial and the local context have changed, and consequently, the Revised Budget Estimates have been adjusted accordingly to address the shortfall in the previous fiscal year 2013-14.

As per the Education Act, School Boards are required to balance their budgets. This means that the projected in-year expenditures cannot exceed in-year revenues. In the current climate of financial constraints, TCDSB will submit a 2014-2015 Revised Estimates Budget with a projected in-year deficit with the Ministry's approval. Management has been working closely with staff from the Financial and Accountability Branch for the Ministry of Education and TCDSB has received an extension for submitting the Revised Budget Estimates 2014-15 by mid-January 2015.

**3. A summary of adjustments required for the Revised Budget Estimates 2014-15 are as follows:**

<b>Description</b>	<b>Changes \$</b>	<b>Comments</b>
Salaries and Benefits	12,700,012	Benefits expense budgets have been increased to reflect the actual Human Resource and Payroll data estimates submissions for statutory and other benefits, and the average salary has been increased due to projected movement of staff on the salary grid.
Supply Early Childhood Educators	713,851	Setting up an Early Childhood Educators supply budget.
School Block Budgets	3,033,250	Budget adjustment made in order to report revenues and expenses separately.
Other Budget Items	38,131	This includes a reduction in the School Block budget allocation (\$56,845) due to declining enrolment, an increase in teachers' mileage of \$70,000 to align with last year's actual expenditures, and an increase to membership fees for OCSTA and OCSOA of \$24,978
Transportation Expenditure Budget	(851,688)	Revised budget projects savings due to the full implementation of the Full Day Kindergarten Program.
Amortization	874,771	The amortization cost for enterprise information technology systems and other capital costs.
Non-Operating Expenditures	(2,021,472)	The expenditure budget associated in Education Programs Other (EPO) funded projects is projected to decline based on funding announcements to date.
Net Change in Capital Expenditures	135,116	Capital expenditures increase due to a forecasted increase in capital grants.
<b>Total Adjustments</b>	<b>14,621,971</b>	

The Revised Estimates 2014-15 also reviewed the benefits by employee group in order to ensure that a sufficient budget provision is made to cover all the benefits estimates provided by Human Resources and Payroll Services. A detailed analysis of the benefits computation can be viewed in Appendix B.

#### **4. Enrolment**

The key component to the development of the Revised Budget Estimates is projecting enrolment for 2014-15. In order to recalculate the Average Daily Enrolment (ADE), revisions to enrolment projections reflect the actual October 31, 2014 enrolments. The March 31, 2015 projected enrolment for Elementary has been projected at 100% retention and Secondary has been projected at 97.76% based on previous trends.

From the 2014-15 estimated ADE, elementary enrolment has decreased by 263 ADE, while the secondary enrolment decreased by 218 ADE for an overall decline in enrolment by 481 ADE.

Any decline in overall enrolment place pressure on both TCDSB's operating and capital budgets.

A comparative enrolment analysis appears in the following table:

**ADE Comparison (2014-15 Revised Estimates to Budget Estimates 2014-15)**

School Year	ADE		
	Elementary	Secondary	Total
2014-2015 Estimates	60,550	30,089	90,639
2014-2015 Revised Estimates	60,287	29,871	90,158
Increase/(Decrease)	(263)	(218)	(481)

#### **5. School Operations and Maintenance**

As enrolment declines, the school operations and maintenance grant has been reduced accordingly. The grant was reduced by \$145,000 and the expenditure budget needs to be adjusted to reflect the reduction in grant.

## **6. Transportation**

The TCDSB continuously provides student transportation services for students who meet the conditions outlined in the Board's transportation policy. This includes students who are identified with special needs; students living more than 1.5 kilometres (km) from their local Catholic school (Grades JK-8) in a designated transportation area where more than 30 students reside, students attending Eastern Rite Catholic schools within designated catchment areas; students who reside within areas that must cross significant hazards to reach school; and students in designated areas as approved by the Board of Trustees.

With the full day implementation of the Full Day kindergarten there has been some savings realized in the transportation expenditures as fewer buses are projected to be used to the amount of \$851,687 and the grant allocation has also increased by \$406,244 (Appendix C).

## **7. Potential Savings recommended for inclusion in the 2014-2015 Revised Budget Estimates appear in the table below**

The table below shows the financial risk and impact at a high level of the recommended savings strategy and more details can be viewed in Appendix D for replies to Trustees' questions after the Board meeting of December 11, 2014.

Potential Savings for 2014-15 Revised Budget Estimates					
	Description	FTE	Total \$	Risk (Low, Medium, High)	Impact
1	<p><b>Reduce Occasional Teacher Budget to reflect 3 year trend analysis.</b></p> <p><b>Actual Expenditures:</b>  2011-12 : \$24.3M  2012-13 : \$25.7M  2013-14 : \$18.3M  Sept-Nov 2014: \$5.7M  Proj. 2014-15: \$19M</p> <p><b>3 Year Average Cost:</b>  2011-14 : \$22.8M</p> <p><b>Budget Estimate:</b>  2011-12 : \$20.5M  2012-13 : \$20.5M  2013-14 : \$22.1M  2014-15 : \$23.2M</p>		1,000,000	LOW	No operational change as Occasional Teachers will continue to be deployed as required consistent with past practice. The variable nature of this cost does create some financial risk, however, the proposed savings is a conservative estimate of the total savings projected in the range of \$1 to \$3M.
2	<p><b>Workplace Accommodation Provision</b></p> <p><b>Actual Expenditures:</b>  2013-14 : \$ 224,143  Proj. 2014-15: \$219,312</p> <p><b>Budget Estimate:</b>  2013-14 : \$ 946,820  2014-15 : \$ 946,820</p>		480,000	LOW	No impact on current staffing assigned to schools. Possible impact on future ability to address staffing accommodation needs in the classroom due to reduced funding provision.

	Description	FTE	Total \$	Risk (Low, Medium, High)	Impact
4	<b>Non-Academic Professional Development Reduction</b>  <b>Actual Expenditures:</b> 2011-12 : \$ 188,994 2012-13 : \$ 204,370 2013-14 : \$ 237,868 Sept-Nov 2014: \$ 20,437  <b>Budget Estimate:</b> 2011-12 : \$ 200,000 2012-13 : \$ 210,000 2013-14 : \$ 250,000 2014-15 : \$ 204,370		183,933	LOW	Reduced investment in professional development opportunities for non-academic staff decreases opportunities to network with each other and colleagues from other school boards and professional associations.  Required professional development activities will be funded from Education Payments Other (EPO) grants consistent with their respective agreements.
5	<b>Transfer Leased Schools' Operating Costs to Temporary Accommodation Grant</b>  <b>Actual Expenditures:</b> 2011-12 : \$1,148,700 2012-13 : \$1,167,774 2013-14 : \$1,171,576 Proj.2014-15 : \$1,158,000  <b>Budget Estimate:</b> 2011-12 : \$ 3,125,822 2012-13 : \$ 3,446,224 2013-14 : \$ 2,633,821 2014-15 : \$ 2,352,000		1,158,000	HIGH	The transfer of leased schools' operating costs the Temporary Accommodation Grant (TAG) increases the cost pressures in the School Renewal Grant for Portable related costs previously funded by TAG.



	Description	FTE	Total \$	Risk (Low, Medium, High)	Impact
7	<b>Investment in Technology</b>  <b>Actual Expenditures:</b> 2011-12 : \$500,000 2012-13 : \$500,000 2013-14 : \$0 Sept-Nov 2014: \$0  <b>Budget Estimate:</b> 2011-12 : \$500,000 2012-13 : \$500,000 2013-14 : \$250,000 2014-15 : \$500,000		500,000	MEDIUM	<p>The proposed reduction to this investment will delay the WIFI installation in Elementary Schools. IT is currently in the middle of an RFP which is expected to be awarded in Mar/Apr 2015 therefore the project would have been launched in May/June 2015. This delay would mean the project will not launch until the new budget year in Sept. 2015. The anticipated provincial investment in technology will offset this reduction and mitigate the estimated delay.</p>
8	<b>Negotiation Costs</b>  <b>Actual Expenditures:</b> 2011-12 : \$4,602 2012-13 : \$6,629 2013-14 : \$0 Sept-Nov 2014: \$0  <b>Budget Estimate:</b> 2011-12 : \$ 158,260 2012-13 : \$ 158,260 2013-14 : \$ 158,260 2014-15 : \$ 158,260		158,260	LOW	<p>Labour negotiations will begin at the provincial level as soon as an agreement has been reached to determine what matters are negotiated provincially versus locally. There has been no negotiation costs incurred in 2014-15</p>

	<b>Description</b>	<b>FTE</b>	<b>Total \$</b>	<b>Risk (Low, Medium, High)</b>	<b>Impact</b>
10	<b>Central Department Budgets for Supplies &amp; Services (10% Reduction)</b>  <b>Actual Expenditures:</b> 2011-12 : \$ 1,586,205 2012-13 : \$ 1,729,668 2013-14 : \$ 1,065,337 Sept-Nov 2014: \$ 328,702  <b>Budget Estimate:</b> 2011-12 : \$ 1,911,858 2012-13 : \$ 1,911,822 2013-14 : \$ 1,911,822 2014-15 : \$ 1,802,698		367,051	MEDIUM	The impact to central department budgets which includes office supplies, printing, fees & services, licenses and telephone will vary across functional areas, and the proposed 10% reduction is in addition to the 10% reduction approved in the 2014-15 Budget Estimates.
11	<b>Deferral of Accounting Department Vacancy</b>	1.0	62,515	MEDIUM	Impact will be mitigated by the implementation of an automated payment system for utilities invoices which was the primary responsibility for this position.

	<b>Description</b>	<b>FTE</b>	<b>Total \$</b>	<b>Risk (Low, Medium, High)</b>	<b>Impact</b>
13	<b>Deferral of IT – Secretary Vacancy (Position to be vacant in December 2014)</b>	1.0	41,677	MEDIUM	The workload such as answering phone calls, dealing with walk-ins for support and borrowing equipment and administrative work in tracking Purchase Orders etc. may take more time.
14	<b>Deferral of Planning Supervisor Vacancy</b>	1.0	106,174	HIGH	The resulting reduction to Planning Services' capacity will negatively impact upon the planned execution of work by Boundary Review Committees and School Accommodation Review Committees.
15	<b>Deferral of 21C Team Position (Vacant since November 2014)</b>	1.0	81,368	MEDIUM	A reduction to 21C staff capacity may delay in-servicing activities for schools.
16	<b>Reduction of Contract Positions</b>		140,625	LOW	This reduction reflects the actual reduction of Capital work realized by the substantial completion of Full Day Kindergarten Capital Projects
	<b>Total Potential Savings</b>	<b>5.0</b>	<b>5,020,777</b>		

## **Summary**

For the 2014-15 Revised Budget Estimates, the in-year deficit is projected to be \$14.621M and with the proposed potential savings as mentioned above, it will reduce the in-year deficit to \$9.6M. The total accumulated deficit is projected to grow from \$ 7.415M to \$17.015M by the end of the fiscal year ending August 31, 2015.

Management is collaborating with the Ministry of Education to develop a multi-year deficit recovery plan which will take the TCDSB on a deliberate path back to a positive financial position.

## **E. STAFF RECOMMENDATION**

That the Board approve the 2014-15 Revised Estimates and the proposed savings in the amount of \$5,020,777, therefore reducing the in-year deficit to \$9.6M and reducing the accumulated deficit to \$17.015M.