



REPORT TO

## CORPORATE SERVICES, STRATEGIC PLANNING AND PROPERTY COMMITTEE

### 2017-18 REVISED BUDGET ESTIMATES

*"I can do all things through him who strengthens me."*  
Philippians 4:13

Created, Draft	First Tabling	Review
December 1, 2017	December 13, 2017	<a href="#">Click here to enter a date.</a>
D. De Souza, Coordinator of Revenue, Grants and Ministry Reporting G. Sequeira, Coordinator of Budget Services P. De Cock, Comptroller of Business Services & Finance		

### 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 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.*



Rory McGuckin  
Director of Education

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of Academic Affairs

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Associate Director  
of Planning and Facilities

T.B.D.  
Executive Superintendent  
of Business Services and  
Chief Financial Officer

## **A. EXECUTIVE SUMMARY**

This report presents the 2017-18 Revised Budget Estimates totaling \$1.120B. 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.

The Revised Budget Estimates projects an in-year surplus in the amount of \$0.1M and an accumulated surplus of \$25.0M at the end of the fiscal year August 31, 2018.

The Accumulated Projected Surplus at the end of August 31, 2018 is based on the assumption that TCDSB will receive the ASO surplus funding of \$10.5M in the 2017-18 fiscal year.

Included in this report for the Boards consideration is a strategic investment in one-time costs of \$7.9M and a base budget increase of \$2.4M phased in over future years.

*The cumulative staff time required to prepare this report was 160 hours*

## **B. PURPOSE**

This report serves to complete the Board's annual requirement to submit to the Ministry of Education a Revised Budget Estimate of revenues and expenditures for the 2017-18 fiscal year by December 15, 2017.

## **C. BACKGROUND**

Budget Estimates are required to be submitted to the Ministry by June 30<sup>th</sup>, 2017 based on projected Enrolment data for October 2017 and March 2018. Revised Budget Estimates are required to be submitted by December 15, 2017 based on the Actual Enrolment data as of October 31<sup>st</sup>, 2017 and projected Enrolment data as of March 31<sup>st</sup>, 2018. Subsequent changes in Enrolment will be submitted throughout the year and any increases/decreases in Enrolment will be reflected at year-end with a corresponding increase/decrease in revenues.

The Budget Estimates 2017-18 were approved at the Regular Board meeting held on May 31<sup>st</sup>, 2017. The 2017-18 Operating Budget Estimates approved

for \$1.113B projected an in-year surplus of \$0.7M and projected a year-end accumulated surplus of \$5.1M

On November 13<sup>th</sup> 2017, the 2016-17 year-end financial statements were reviewed by the Audit Committee and recommended for approval to the Board. The financial statements reported an in-year surplus of \$25.7M and an accumulated surplus of \$14.4M

The 2017-18 Revised Estimates project an in-year surplus of \$0.1M, which is a (\$0.6M) change from the 2017-18 Estimates, and a projected year-end surplus of \$25.0M

The Accumulated Projected Surplus at the end of August 31, 2018 is based on the assumption that TCDSB will be receive the Administrative Services Only (ASO) surplus funding of \$10.5M

An analysis of the Revised Budget Estimates for the year ending August 31, 2018 is provided below in section D.

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

### **2017-2018 REVISED BUDGET ESTIMATES**

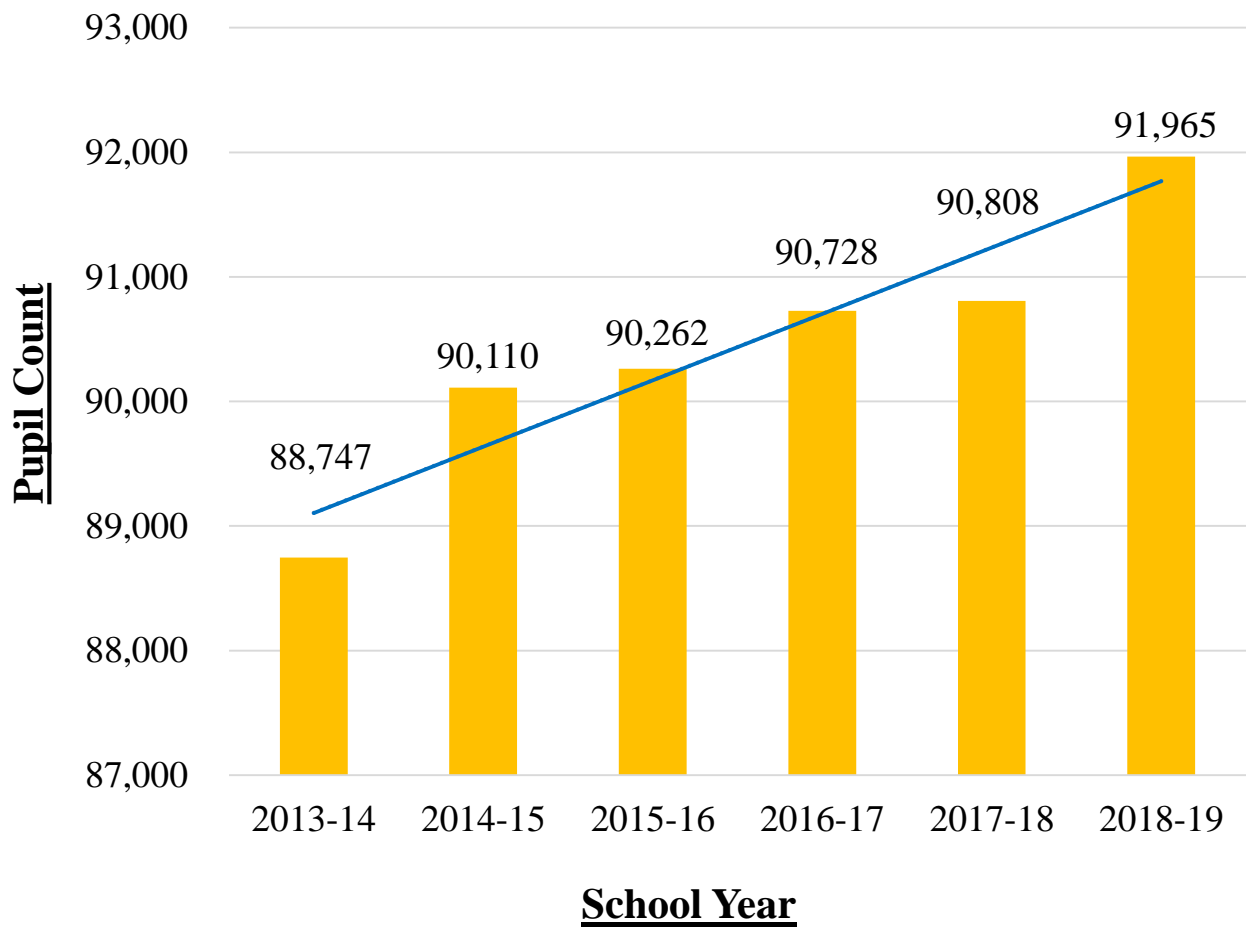
The Revised Budget Estimates need to be adjusted in order to align with the revised funding regulations, updated enrolment projections and the previous year's deficit.

#### **2. Enrolment**

The key component to the development of the Revised Budget Estimates is projected enrolment for 2017-18. In order to recalculate the Average Daily Enrolment (ADE), revisions to enrolment projections reflect the actual October 31, 2017 enrolments. The March 31<sup>st</sup> 2018 projected enrolment for Elementary has been projected at 100% retention and Secondary has been projected at 97.76% retention based on previous trends.

In comparison to the 2017-18 estimated ADE, the 2017-18 revised estimated elementary ADE has decreased by (35), while the secondary ADE has decreased by (58) for an overall decrease in enrolment by (93) ADE.

## **Total Average Daily Enrolment**



A comparative enrolment analysis is included in the following table:

Panel	Type	2017-18 ADE Estimates	2017-18 ADE Revised Estimates	Change + / (-)
	<b>Regular</b>	61,598	61,563	(35)
	VISA Students	54	54	-
<b>Elementary</b>	<b>Total</b>	61,652	61,617	(35)
<b>Secondary</b>	Regular	26,670	26,868	198
	VISA Students	1,410	1,410	-
	Msgr. Fraser	1,169	913	(256)
	<b>Subtotal</b>	29,249	29,191	(58)
<b>Total ADE</b>		90,901	90,808	(93)

**3. A summary of revenue and expenditure increases/(decreases) required for the Revised Budget Estimates 2017-18 are as follows:**

**Budgeted Revenues have a net increase of \$6.4M mainly due to the following:**

- Pupil Accommodation grants have been reduced by (\$0.6M) due to a decline in enrolment.
- Languages grant has been reduced by (\$0.6M) due to fewer immigrant students arriving from non-English speaking countries.
- Learning Opportunities Grant increased by \$0.4M because more students are taking advantage of the Summer Remedial Literacy and Numeracy programs.
- Continuing Education grants increased by \$1.0M due to increased summer E-learning and Summer School Programs.
- Increase to the Teacher Qualification and Experience grant of \$4.0M due to a lower retirement rate during the school year of 2017.
- Indigenous Education grant has increased by \$0.2M due to one additional secondary school, which scheduled Native Studies as part of their curriculum.
- Other Grants and Revenues increased by \$2.0M due to Day School fees, and Rents increased for Non-Instructional Accommodations and Community use of schools.

**Budgeted Expenditures have a net increase of \$7.0M primarily due to the following:**

- There has been a net increase in benefits costs of approximately \$5.7M across all programs areas, due to increased costs associated with higher than anticipated membership numbers associated with the new Employee Life Health Benefit Trusts. These additional costs will be funded by the Ministry of Education (EDU) and flowed to the benefits trust accounts.
- Operation and Maintenance costs have increased by \$0.9M for contracted maintenance services at the TCDSB.
- Transportation costs have increased due to contractual rate increases of \$0.4M

A Summary of the Revised Revenue and Expenditures changes can be viewed in Appendix A and the detailed analysis of the changes to the Revised Revenue and Expenditure Budgets can be viewed in Appendix B.

### **Summary**

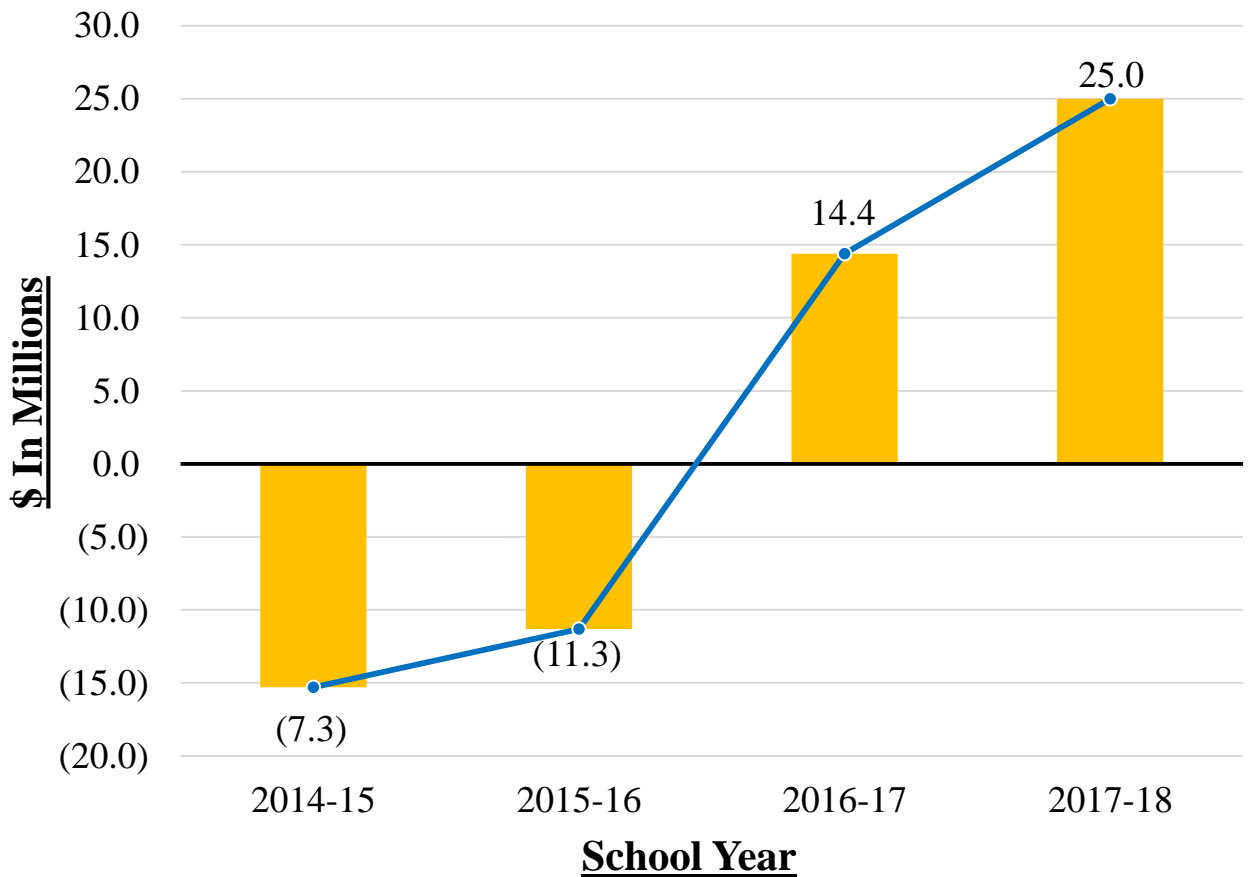
For the 2017-18 Revised Budget Estimates, the in-year Surplus is projected to be \$0.1M. The total accumulated surplus is projected to be \$25.0M by the end of the fiscal year ending August 31, 2018.

<b>2017-18 Estimates In-Year Surplus</b>	<b>\$0.7M</b>
Increase in Revenues	\$6.4M
Increase in Expenditures	\$7.0M
<b>Net Decrease</b>	<b>(\$0.6M)</b>
<b>2017-18 Revised Estimates In-Year Surplus</b>	<b>\$0.1M</b>
<b>Accumulated Surplus August 31, 2017</b>	<b>\$14.4M</b>
ASO Benefit Surplus Funding	\$10.5M
<b>Projected Accumulated Surplus August 31, 2018</b>	<b>\$25.0M</b>

### **Accumulated Surplus / (Deficits)**

1. As per the 2017-18 Revised Estimates, TCDSB has an accumulated surplus of \$14.4M as of August 31, 2017, \$0.1M in-year projected surplus as at August 31, 2018, an ASO benefit Surplus funding of \$10.5M and a projected accumulated surplus of \$25.0M as of August 31, 2018.
2. The improvement in 2017-18 financial position is due to a one-time expenditure savings of \$10.5M from the Group Benefits Surplus. TCDSB has historically provided group benefits, i.e. Life, Health & Dental, in a self-funded manner also known as an Administrative Services Only (ASO) self-insurance arrangement. This fund has accumulated a surplus in excess of costs incurred to the present date.
3. The Accumulated Deficit has been eliminated two-years ahead of the Multi-Year Recovery Plan (MYRP) schedule, and TCDSB has reached more than a 1% reserve margin as required by the EDU which amounts to approximately \$11.2M

### Accumulated Surplus/(Deficits)



### STRATEGIC INVESTMENTS

1. The budget challenges that TCDSB has faced over the past few years has not allowed the board to make required investments back into the system to facilitate future growth and sustainability. Although TCDSB will continue to be prudent in its spending and will continue to seek efficiencies, the following investments will strengthen the system to ensure the Board will be able to meet its current and future demands.
2. The Audit committee at its board meeting of September 20, 2017, passed a motion requesting “That staff examine putting some of the surplus expected at the end of the year back into the classrooms that would give us our best educational outcomes with our students and bring a report to the Corporate Services Committee meeting to let parents know at that time of what reinvestments this Board is making within the system.”

3. In addition to the proposed investments appearing in the table below, the recent provincial extension agreements provided funding to mitigate planned staffing reductions. This funding offset planned reductions to Special Education services, Educational Assistants, Child and Youth workers, 5<sup>th</sup> Block teachers etc. The balance of the funding of \$2.6M was invested into additional local system priorities, i.e. 21 new staff of which 14 will be new teaching positions for the 5<sup>th</sup> Block Literacy Program.

4. The following strategic investments are proposed in this year's budget:

	<b><u>Program</u></b>	<b><u>One Time Costs</u></b>	<b><u>Increase to Base Budget</u></b>	<b><u>Description</u></b>
<b>1)</b>	Contract Support Workers	\$1.0	\$0.0	Addressing critical Special Education needs for the safety of students and staff
<b>2)</b>	Pastoral Plan Launch	\$0.1	\$0.0	Spotlight on Your School
<b>3)</b>	4 FTE for additional Vice-Principals	\$0.3	\$0.5	Additional In-School Support for student safety requirements for eight months in fiscal 2017-18 and a base budget increase in future years
<b>4)</b>	School Block Budget	\$1.0		Increase in the school block budget to provide equitable funding to elementary schools in priority neighbourhoods
<b>5)</b>	Assessment of Telephony System. (Last updated in 1992)	\$0.5	\$0.0	Review and plan to replace existing telephone systems in schools and across TCDSB to enhance school safety. 1. Current state and analysis of business processes to define the requirements for a replacement system 2. Create the specifications and then create the RFP to procure a suitable solution. 3. Based on the RFP evaluation and selected solution, design the



				architecture of the communications Infrastructure. 4. This will provide us with a costing and a solution for the replacement of the existing system.
	<b>Sub Total</b>	<b>\$2.9M</b>	<b>\$0.5</b>	
<b>6)</b>	Student Information System (SIS): One-time investment in each of the next four years: The SIS is TCDSB's GSN revenue generator. It is used by all TCDSB schools & Cont. Ed. to collect \$1 Billion in Grants by recording enrolment, which is submitted, to OnSIS (Ministry) for funding purposes.			SIS collects funding Information: 1. Oct. & March enrolments 2. ESL students arriving from foreign countries for grants 3. French Core & Immersion enrolment for grant funding. 4. Includes Special Education Case Management software as recommended by past audit engagements. Requires a \$1.9M base Budget increase over a period of 5 years
	2017-18	\$0.5	\$0.1	One-time costs and Base budget Inc.
	2018-19	\$1.6	\$1.6	One-time costs and Base budget Inc.
	2019-20	\$2.1	\$0.0	One-time costs and Base budget Inc.
	2020-21	\$0.8	\$0.1	One-time costs and Base budget Inc.
	2021-22	\$0.0	\$0.1	One-time costs and Base budget Inc.
	<b>Total Investment SIS</b>	<b>\$5.0M</b>	<b>\$1.9M</b>	
	<b>Total Investments</b>	<b>\$7.9M</b>	<b>\$2.4M</b>	

The following chart provides a historical and projected financial position:

### Multi Year Financial Plan (\$ in Millions)

	2015-16 Actuals as of at August 31, 2016	2016-17 Actuals as of August 31, 2017	2017-18 Revised Budget Estimates	2018-19 Projected Budget Estimates
Opening Accumulated Surplus / (Deficit)	(15.3)	(11.3)	14.4	17.1
Total Revenues:	1,122.7	1,149.4	1,120.2	1,124.8
<b>ASO Benefits</b>			10.5	
Surplus				
<b>Total Revenue</b>	<b>1,122.7</b>	<b>1,149.4</b>	<b>1,130.7</b>	<b>1,124.8</b>
Total Expenditures:	1,148.2	1,139.0	1,120.1	1,124.8
Exp. Reductions	(29.4)	(15.3)	0.0	
<b>Total Expenditures</b>	<b>1,118.8</b>	<b>1,123.7</b>	<b>1,120.1</b>	<b>1,124.8</b>
<b>In-Year Surplus / (Deficit)</b>	<b>3.9</b>	<b>25.7</b>	<b>10.6</b>	<b>0.0</b>
<b>Accumulated Surplus / (Deficit)</b>	<b><u>(11.3)</u></b>	<b><u>14.4</u></b>	<b><u>25.0</u></b>	<b><u>17.1</u></b>
One time Strategic Investments for consideration			<u>(7.9)</u>	
Accumulated Surplus/(Deficit)			17.1	
Recommended EDU Reserve of 1%			<u>11.2</u>	<u>11.2</u>
Available for future Strategic Investments			5.9	5.9

## **BUDGET RISKS & UNCERTAINTIES:**

This budget has been prepared using a set of assumptions based on the best information currently known. There are however, some budget uncertainties and risks that could impact the budget, which need to be monitored closely as the year progresses. Staff will report on these risks as part of the regular financial status updates to the Board of Trustees.

### **Enrolment projections to actuals**

Any variances to planned consensus enrolment projections may impact final calculated GSN revenues.

### **Inflation Assumptions**

Utility costs continue to trend higher and the budget estimates are based on historical costs and projected increases. If costs increase higher than anticipated, this could create a cost pressure in this area. The current trend is that utility costs are trending well above the EDU funded increase for inflationary costs of 2%.

### **Occasional Teacher Costs**

For the current 2017-18 fiscal year, Occasional Teachers costs are trending close to budget at this point in time. The risk is that these costs could increase this year assuming a full Occasional Teacher roster, and/or staff absenteeism rates continue to increase.

### **Benefit Trusts**

The amount budgeted for group benefits are based on estimations and the information provided by the Ministry of Education (EDU). As the various employee groups move to their respective Benefit Trusts, the remaining employee groups waiting to transition may experience higher premiums due to the reduced number of employees remaining in the Group Benefits Pool. This could increase benefit costs for TCDSB.

## **Capital Project Risks**

Capital projects that are higher than the provincial benchmark will result in deficits for the project that will not be funded by the EDU's Capital program. These shortfalls will need to be covered through the operating budget, which could result in shortfalls in the operating budget.

## **Fair Work Places, Better Jobs, Act 2017**

The Fair Work Places & Better Jobs Act passed on November 22<sup>nd</sup> 2017 and will result in an increased cost for Parental Leave Entitlements, Critical Illness Leaves, General Minimum wage increases. In addition, Equal Pay for Equal Work and paid Vacation Entitlements may also increase costs for TCDSB. The impact of these costs cannot be fully determined at this time.

## **E. STAFF RECOMMENDATION**

1. That the Board of Trustees approve the one-time Strategic Investments of \$7.9M from the Accumulated Surplus and an increase to the base budget of \$2.4M phased in future years
2. That the Board of Trustees approve the 2017-18 Revised Budget Estimates for Classroom Related Expenditures of \$915.5M
3. That the Board of Trustees approve the 2017-18 Revised Budget Estimates for Non-Classroom Related Expenditures of \$204.7M