



REPORT TO

CORPORATE SERVICES, STRATEGIC PLANNING AND PROPERTY COMMITTEE

BUDGET REPORT: 2018-19 GRANTS FOR STUDENT NEEDS UPDATE

*“A generous man will himself be blessed, for he shares his food with the poor.”
Proverbs 22:9*

Created, Draft	First Tabling	Review
March 22, 2018	April 12, 2018	Click here to enter a date
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INFORMATION REPORT		

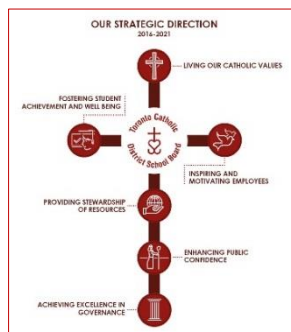
Vision:

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.



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A. EXECUTIVE SUMMARY

1. ***Announcements made by the Ministry of Education will entail further release of data and more analysis to develop the budget.*** The Grant for Student Needs (GSN) funding and regulations released on March 26th 2018 by the Ministry of Education (EDU) provided a first look at ongoing and new education funding investments into the education sector. The Education Funding Technical Paper, Education Financial Information Systems (EFIS) and GSN Projections by Board did not accompany the announcement as in past years. The funding projections for the Toronto Catholic District School Board (TCDSB) contained within this report are preliminary and subject to change pending the release of further documents and formulas.
2. ***The late release of data by the Ministry may impact the budget approval timelines previously communicated to the Board.*** Given the delay of the technical details release by the Ministry to potentially the end of April, staff may not be in a position to develop preliminary budget estimates in time for May 10th Corporate Services Committee. An alternative plan would be to bring the preliminary budget estimates to Regular Board on May 17th.
3. ***Announcements for new investments to enhance service levels in some areas have been made.*** The new investments into education funding provide the TCDSB with approximately \$7.6M for a projected staffing increase in the range of 33.0 to 51.0 full-time equivalent positions (FTE) and other operational expenses. This new investment is in addition to any anticipated increases for salaries and wages of existing staff as determined by provincially negotiated extension agreements, benefits benchmark reductions for retirement gratuities, continuance of local priority amounts or positions/programs moving from being funded by Education Programs Other (EPOs) to GSN funding.
4. ***Based on preliminary analysis and review of the announcements, staff expect to develop a balanced budget without the need for staffing reductions.*** Various pressures including impacts from Bill 148 legislation (fair workplaces), collective agreement arbitrations and salary/benefit costs being above the provincial benchmark average will contribute to the budget entering an unbalanced (deficit) position. The announcements that have been made provide funding for new or enhanced service levels; some of which are not “enveloped”, meaning the funds can be used towards existing service levels. Given that the TCDSB already has higher than average service levels

in some areas, staff will recommend using the new funding being received to first offset pressures associated with existing services before applying it to new services, where allowed. In this way, a balanced budget is expected to be developed.

The cumulative staff time required to prepare this report was 6 hours.

B. PURPOSE

1. *This annual report has been prepared to provide highlights and preliminary projections of new education funding investments for the TCDSB.* This report responds to the recent GSN announcement and key policy and funding changes for 2018-19. The calculated financial and operational impact of last week's announcement on the GSNs for 2018-19 utilized information available at the time of preparing this report.
2. *Staff anticipate that a balanced budget will be developed by prioritizing the maintainance of existing service levels before enhancing or adding services.* A secondary purpose of this report is to inform the Board that preliminary budget estimates to be presented at the May Corporate Services Committee will be developed by ensuring that the existing mix of service levels is not reduced as a result of external fiscal pressures. Additionally, any new funding received from the EDU that is unrestricted will be allocated towards offsetting these pressures so as to avoid reductions in staffing levels.

C. BACKGROUND

1. *Total overall GSN funding for the TCDSB is increasing.* The GSN announcement sets out the key policy and funding changes supported by these regulations, such as investments in Ontario's publicly funded education system. It also sets out the funding measures intended to help boards keep up with inflationary costs and move forward with capital projects. The subject of this spring's budget process is the TCDSB operating budget. In future years, both the operating and capital budget will be presented in parallel.
2. *GSN updates are necessary to match funding with ongoing cost pressures from growth and inflation.* The 2018-19 GSNs also reflect funding for increased enrolment, ongoing investments to meet prior year's labour

agreements, and regular updates to the GSNs, informed by recent consultation engagement sessions and ongoing technical discussions.

3. ***Service level reductions were considered in advance of the GSN update for the last few fiscal years.*** The TCDSB was in a Multi-Year Recovery Plan (MYRP) for the last few years. As a result, the Board was faced with service level reductions in advance of setting the budget in order to pass a balanced budget. This same pre-consideration of options was not required for this year's budget process.

D. EVIDENCE/RESEARCH/ANALYSIS

Announcement Highlights of GSN and EPO allocations include:

1. ***Overall increase in spending by \$625 million.*** The additional investment of \$625M brings the total investment in education to \$24.5 billion.
2. ***Per Pupil Funding will increase.*** Per pupil funding will increase to \$12,300 annually.
3. ***More funding to address Special Education Assessment waitlists.*** The ministry is investing nearly \$125M over the next three school years to provide school boards with funding to address current waitlists for special education assessments.
4. ***Additional funding for students with extraordinary high needs.*** Over \$170M in funding, over the next three years, allocated through the Special Education Grant, which will support increased special education programs and services including:
 - a) Funding for a multi-disciplinary team or equivalent for all Boards (four additional staff per school board) to build board capacity and help teachers, education assistants, and other staff better understand and adapt to the unique needs of their students;
 - b) Funding for other staffing resources to support students with special education needs; and

- c) Funding to build capacity and provide direct support to students with special education needs, in recognition of the increase in demand for services.
5. ***Additional funding for students with extraordinary high needs.*** \$30M increase to the Special Incidence Portion allocation, to support students with extraordinary high needs to be successful in school; the maximum SIP eligible claim will increase from \$27,000 to \$38,016 adjusted annually.
 6. ***More teachers for careers and pathways planning.*** \$46M to support more than 450 additional teachers who will help Grade 7 and 8 students engage in career and pathways planning that will prepare them for success in high school.
 7. ***Additional funding support for English Language Learners (ELL).*** \$10M for demographic and growth adjustments through the Diversity in English Language Learners (DELL) (formerly Pupils in Canada) component within the Language Grant.
 8. ***Increasing investment in Mental Health Workers.*** \$24.5M, growing to \$49.5M in 2019-20, to fund approximately 180 mental health workers in 2018-19 and 400 in 2019-20. These mental health workers will support students in secondary schools who have mental health concerns through continued and expanded mental health awareness.
 9. ***Increasing the base amount of the Trustee Honoraria.*** Increasing the base amount of the Trustee Honoraria from \$5,900 to \$6,300 annually and the establishment of a working group to review the funding formula in detail.
 10. ***Increasing the Student Transportation Grant.*** Increasing the Student Transportation Grant from 2% to 4% to assist with increased transportation costs.
 11. ***The Ministry of Education will commission an external review.*** The ministry will commission an external review of the methodology for the Demographic Allocation within the Learning Opportunities Grant structure and review how boards use this allocation. This review will provide recommendations to the ministry on updating the formula and accountability structure.

12. *Create a new Program Leadership Allocation.* Create a new Program Leadership Allocation (PLA) within the School Board Administration and Governance Grant. This allocation is comprised of six lead positions previously funded through other allocations within the GSN and through EPOs including the following:

- a) Mental Health Leaders
- b) Technology Enabled Learning and Teaching (TELT) Contacts
- c) Indigenous Education Leads
- d) Student Success Leads
- e) School Effectiveness Leads
- f) Early Years Leads (Formerly in EPO)

Note: This is not new funding. It is a funding reallocation from other GSN and/or EPO grants to the Administration and Governance Grant.

13. *New funding towards Education materials in respect of the cannabis issue.* \$2.8 million to support school boards in developing education materials for educators, parents and students in respect of cannabis. There will be a phased in approach. Phase 1 will focus on resources, and Phase 2 will focus on training for mental health lead and professionals, to support students in schools.

14. *Funding for Executive Compensation Programs.* Funding of \$12.1 million provided to assist boards with the implementation of their executive compensation programs. This is EPO funding outside of the Board Administration & Governance Envelope.

15. *Implementation of Cash Management strategies.* This will entail ensuring that School Boards do not hold cash balances in excess of their operating and capital requirements. This will help reduce the borrowing costs experienced by the Province.

Preliminary Analysis of Impact on TCDSB:

16. *Impacts on TCDSB budget and overall complement is positive, but preliminary in nature.* Figure 1 below presents preliminary estimates on budget and FTE, but cannot be verified until such time as EDU releases the GSN Technical Paper as well as EFIS data. It must also be considered in the context of other fiscal pressures. This means that the number of FTEs announced by EDU may not translate to TCDSB as the Board's salary/benefits costs are higher than the assumptions EDU used and the TCDSB may need to utilize some of this funding towards offsetting other costs pressures to maintain existing services. This is the reason a range appears in the FTE column.

Figure 1: Estimated GSN Announcement Impact on TCDSB

Program	\$M	FTE
Continued Implementation of Provincially Negotiated Extension Labour Agreements for the period of 2017-19	12.0	
Elementary Guidance Teachers	2.1	12 to 18
Special Education – Multi-Disciplinary Teams	1.4	10 to 14
Transportation - 4% increase for Costs	1.2	
Class Size Investments (Grades 4 to 8)	1.0	5 to 10
EPO - Mental Health - Secondary Schools	0.8	4 to 6
School Operations - 2 % increase for Utilities	0.8	
FDK - Maximum class size reduced from 30 to 29	0.5	2 to 3
Retirement Gratuities funding benchmark reduction	(2.0)	
Implementation of Cash Management Strategies	(0.1)	
Total	17.6	33 to 51

Note: Some numbers may not add due to rounding

Developing a Balanced Budget

17. *Developing a balanced budget requires consideration of many moving parts.*

Several factors and sets of data must be considered in developing the preliminary budget estimates for consideration by the Board and public. The major contributing variables include:

- a) Student enrolment projections
- b) Staffing projections based on enrolment
- c) GSN announcements
- d) GSN technical paper
- e) EFIS (Education Financial Information System) data
- f) Inflationary pressures
- g) Legislative pressures (e.g. Bill 148)
- h) Collective Agreement arbitrations/decisions
- i) Strategies around accumulated surpluses/deficits
- j) Board initiated changes to service levels

18. *Preliminary budget estimates can only be full developed once all factors are known.*

Several of the factors listed above are known, however unfortunately some are yet to be released by the EDU (e.g. GSN technical paper, EFIS data). These are critical components in order to finalize estimates for consideration by the Board. Ministry staff have indicated that the release of this data may not be until the end of April. If this late timing comes to fruition then staff will only be in a position to bring preliminary budget estimates by the Regular Board meeting on May 17th.

19. *Rough incremental overall estimates have been developed to assess the risk of balancing the budget.*

In order to assess the risk of developing a balanced budget, staff have undertaken a rough analysis based on data known at this time as well as some assumptions. This was done to help inform the Board and the public on whether this budget will likely require reductions in service levels or if there will be monies available to undertake new Board initiatives or enhancements to service levels.

E. METRICS AND ACCOUNTABILITY

1. ***Early indications show that a balanced budget can be achieved assuming that maintaining existing service levels is a priority.*** The analysis below shows that the TCDSB can both maintain and enhance its service levels based

on data known to date and the recent GSN announcements. This approach, however, assumes that a portion of new GSNs will be directed towards maintaining existing services, thereby removing the need to reduce staffing. Figure 2 below provides an analysis that is very preliminary and should be considered for illustrative purposes only.

Figure 2: Illustrative Analysis Indicative of a Balanced Budget

	\$M
2018-19 New Cost Pressures:	
Staffing Projections	2.1
Legislative/Arbitration Impacts	5.0
Spending on New Restricted GSNs	4.6
Spending on New Unrestricted GSNs	3.0
New Operational costs pressures	<u>1.4</u>
Total 2018-19 New Cost Pressures	16.2
2018-19 New Revenues:	
Student Enrolment	10.0
New Restricted GSNs	4.6
New Unrestricted GSNs	<u>3.0</u>
Sub-Total – New GSNs	17.6
Reduction in International Students	<u>(1.3)</u>
Total 2018-19 New Revenue:	16.3
Incremental Operating Surplus/(Deficit)	<u>0.1</u>

2. *Several options exist in approaching the development of the Preliminary Budget Estimates, but are always founded in the service levels provided to Students.* Developing a balanced budget in the Education Sector is about choosing a desired mix of service levels within a funding envelope set by the Province. Service levels can be considered a broad term, but may include teaching staff complement in general, teaching staff complement for particular programs, specialized program offerings, non-staffing costs of programs, offering of programs at particular locations, provision of technology for learning, operating costs of facilities, transportation service offerings, staffing and non-staffing costs of administration. These service levels are provided to Trustees and the public throughout the year through various reports. Some of these include:

- a. Transportation Annual Report,
 - b. Annual Safe Schools Report,
 - c. International Languages Program Report,
 - d. EQAO Assessments Report,
 - e. Board Learning Improvement Plan,
 - f. Accountability Framework for Special Education, and
 - g. Annual Report on the Multi-Year Strategic Plan
3. ***This is the first opportunity for the Board to provide initial input on changing service levels.*** Staff will be developing Preliminary Budget Estimates for presentation at May Corporate Services Committee or Regular Board and must await for data from EDU to do so. However, should the Board wish to provide any initial input or direction at this point they can do so by providing input for consideration in the development of preliminary budget estimates.
4. ***Staff are approaching the budget by assuming that maintaining existing service levels should be a priority before considering providing enhancements announced by the Province.*** The GSN announcements provide opportunity to enhance service levels by adding new complement in certain areas, however staff advise that there are cost pressures facing TCDSB's existing services that are not covered by the GSN announcements. Staff are proposing to use new GSN revenues (where permissible) to offset pressures to existing services first. Secondly, new revenues can be applied to new services envisioned by the Province and also to new TCDSB initiated strategic investments (e.g. technology, Board administration etc.).
5. ***Consultation with the public will focus on service level provision.*** The consultation will consist of informing the public of the GSN announcements, potential impact on TCDSB, existing cost pressures. It will then ask for feedback on whether the provincial announcements should be fully prioritized ahead of existing service level provisions (e.g. reduce other service levels to compensate), existing service levels should be prioritized ahead of new services or solicitation of broad feedback on changing the existing mix of service levels.

F. CONCLUDING STATEMENT

This report is for the consideration of the Board.