



## 2023-24 Projected Financial Position

**To:** Finance, Budget and Enrolment Committee

**Date:** 15 February, 2023

**Report No.:** 02-23-4481

### Strategic Directions

- Transform Student Learning
- Create a Culture for Student and Staff Well-Being
- Provide Equity of Access to Learning Opportunities for All Students
- Allocate Human and Financial Resources Strategically to Support Student Needs
- Build Strong Relationships and Partnerships Within School Communities to Support Student Learning and Well-Being

### Recommendation

It is recommended that the 2023-24 Projected Financial Position report be received.

### Context

Section 231 of the Education Act requires school boards to pass a balanced operating budget each year. Budgets are intended to align both human and financial resources to system priorities. School boards are required to submit their annual balanced operating budget to the Ministry of Education by June 30th of each year.

Prior to the pandemic Toronto District School Board (TDSB) had a structural deficit that could not be addressed during the pandemic, as resources were needed to support student and staff safety and continued learning. Structural deficits occur when a school boards budgeted expenditures are greater than the grants and revenues the Board receives.

While the Ministry of Education did provide significant investments during the pandemic to school boards, TDSB used approximately \$69M of Board resources to support the continued learning and safety of both students and staff during the pandemic, in such areas as reducing class sizes, additional technology and additional PPE. Majority of these investments were achieved to in-year savings and directing resources from such

areas as supply costs and energy savings during the shutdowns of schools, transportation savings, and staffing redeployments. Had the Board not invested these funds to support the students and staff there would have been operational savings that would have resulted in increased working funds.

## **Financial Projection**

This report is a projection of the TDSB's financial position based on several operating assumptions as outlined below:

- Enrolment projections provided by the Planning Department (per [report](#) provided at January FBEC meeting)
- The current funding model for 2022-23 was used to prepare the grant projection. When the Grants for Students Needs (GSN) is released later this year an updated financial projection will be prepared.
- Pandemic funding will not be continued, and associated costs have been reduced, with exceptions noted in report.
- Sick leave and staffing gapping costs have been projected based on current trends being experienced by the Board.
- All collective agreements negotiated will be fully funded.
- Inflationary costs of utilities and transportation will be funded.

Based on these assumptions the following forecast has been created. This forecast is based on the Board's current forecasted deficit and operating parameters, with changes noted for forecasted impacts in 2023-24.

# Toronto District School Board

Projected Financial Position 2023-24

As at Feb 15, 2023

<b>2022-2023 Projected Deficit</b>			<b>(\$40.4)</b>
Revenue Changes			
	GSN decline due to enrolment		(\$2.9)
	Pandemic Funding		(\$31.5)
	Increase in GSN due to Utility and Transportation cost escalation	\$4.2	
	Permit Revenue	\$0.5	
	International Student Revenue	\$2.0	
	Lease Revenue	\$0.7	
	Childcare Revenues	\$3.8	
	<b>Subtotal Revenues</b>		<b>(\$23.2)</b>
Expenditure Changes			
	Staffing costs		(\$35.0)
	Pandemic Cost reductions	\$31.5	
	Decrease in Insurance Costs	\$3.0	
	Increase in Utility Costs		(\$7.0)
	Decrease in offsite storage	\$0.3	
	Filter replacement for HEPA		(\$0.2)
	Annualization of Safety Positions		(\$1.8)
	Increase in Investigation Costs		(\$0.4)
	<b>Subtotal Expenditure</b>		<b>(\$9.6)</b>
One- Time Offsets			
	Interest Revenue	\$12.2	
	<b>Subtotal One-Time Offsets</b>		<b>\$12.2</b>
<b>Preliminary Operating Financial Position</b>			<b>(\$61.0)</b>

## Revenue Changes:

Grant Changes – Changes in GSN due to enrolment is forecasted to decline by \$2.9M. Staff are forecasting additional grants to address inflation in utilities and transportation in the amount of \$4.2M.

Pandemic funding was assumed not to continue in 2023-24 in the amount of \$31.5M. Associated cost have also been reduced accordingly, should the GSN funding announcement include supports for additional resources they will be added back into the system to support student well-being and achievement.

Other Revenues – Other Revenues for permits increases as usage increases post pandemic. Increase in international student enrolment resulting in revenue increase of \$2M, while lease revenue is forecasted to increase by \$0.7M. With the termination of

the childcare Umbrella Agreement with the City of Toronto, which had a fixed rental rates below the Board's current operating costs of the space, an increase in childcare revenue of \$3.8M is forecasted. This represents the first 8 months of 2024 and will be annualized in future budgets.

### **Expenditure Changes:**

Staffing Costs – This increase is a result in changes to Board staffing costs projected for 2023-24. These costs include school based staffing changes due to enrolment change year over year, increased supply and gapping costs based on current experience, and increased benefit costs primarily in CPP and EI. Staff continue to do analysis of enrolments and staffing requirements.

Pandemic Costs – Due to the assumption that pandemic funding would not be continued into 2023-24 the associated positions outlined below have been reduced in the budget

<b>Positions</b>	<b>FTE</b>	<b>Amount</b>
Elementary Teachers	45.5	\$5.0M
Secondary Teachers	20.0	\$2.2M
Virtual School Administration	5.0	\$0.7M
Office Clerical	28.5	\$2.0M
Lunchroom Supervisors	200.0	\$1.4M
Social Workers	16.0	\$2.1M
Child and Youth Workers	35.0	\$2.8M
Child and Youth Counsellors	15.0	\$1.6M
School-based Safety Monitors	48.0	\$2.8M
Caretaking	78.5	\$5.6M
Vice Principals – Elementary	25.0	\$3.4M
Vice Principals – Secondary	13.5	\$1.9M
<b>Total</b>	<b>522.0</b>	<b>\$31.5M</b>

Insurance Costs – It is anticipated that insurance premiums and claims experience are anticipated to decrease over prior year by an estimated \$3.0M.

Utility Costs – Utility costs continue to increase due to inflation. TDSB has signed future gas contracts which increased over prior years. In addition, electrical costs continue to increase. As a result the overall increase is anticipated to be \$7.0M.

Offsite Storage – As the Board transitions to electronic storage of files, the need for physical offsite storage is forecasted to decline by \$0.3M.

HEPPA Filters – As these filters are used, the useful life of the filters is coming to and end. The Board is committed to replacing these filters in non-ventilated rooms at a cost of \$0.2M

School Safety Costs – These costs recognize the investments made during 22-23 to support student and staff safety and this cost represents the annualized cost of these positions in the additional amounts of \$1.8M.

Investigation Costs – This increase cost is to address the backlog of investigation of staff conduct.

### **One Time Revenue**

Interest Revenue – Due to inflation the increase in interest costs, staff have been able to secure additional interest revenue above past trends in the amount of \$12.2M. This increase is only expected to be available to support the Board's financial position in 23-24 as it is expected in the long term interest rates will return to normal levels.

### **Action Plan and Associated Timeline**

This forecast will be updated when the Ministry of Education releases the GSN this spring and break back an updated forecast.

Staff continue to work to bring options forward to balance the budget, based on the Board's strategic goals and budget drivers.

### **Resource Implications**

School boards have three types of reserves: Working Funds, Internally Restricted and Externally Restricted Reserves (not available to be used to address deficits). Working Funds are reserves result from prior year surplus that have no defined purpose and available to the Board to address operating shortfalls. Internally Restricted Reserves are those funds set aside to address certain programs or expenditures such as benefit costs or school budget carryovers. Externally Restricted Reserves represent such things as future employee benefits, land values and school fund raising.

As a result of the operating deficit in 2021-22 the Board had to use both it's limited working fund reserves as well as a portion of its internally restricted funds to offset the deficit. There currently are no available working funds remaining to offset future operating shortfalls or structural deficits. Should the Board continue to incur deficits it will need to use internally restricted reserves, which puts the Board at serious financial risk in these areas. This highlights the need of the Board to endeavour to balance the operating budget in the current year.

The chart below illustrates the status of reserves over time.

## Status of Reserves

(Millions)

	Annual Surplus/ (Deficit)	Accumulated Surplus/(Deficit)			
		Working Funds	Internal Reserves	Other	Total
2015-16	\$34,226	\$18,750	\$139,911	\$(290,558)	\$(131,897)
2016-17	\$34,453	\$26,398	\$141,504	\$(265,346)	\$(97,444)
2017-18	\$56,360	\$40,817	\$142,678	\$(224,579)	\$(41,084)
2018-19	\$39,482	\$29,325	\$147,813	\$(178,740)	\$(1,602)
2019-20	\$26,168	\$16,744	\$159,938	\$(152,116)	\$24,566
2020-21	\$44,285	\$22,720	\$179,034	\$(132,903)	\$68,851
2021-22	\$(88,110)	\$0	\$90,151	\$(109,410)	\$(19,259)

Section 231 of the Education Act requires school boards to pass a balanced operating budget each year. Budgets are intended to align both human and financial resources to system priorities. School boards are required to submit their annual balanced operating budget to the Ministry of Education by June 30th of each year.

### Communications Considerations

All reports and video of committee meetings will be posted on the Board's budget website.

### Board Policy and Procedure Reference(s)

List all Board policies and procedures that relate to this matter.

### Appendices

- Appendix A: Slide deck outlining projected deficit

### From

Stacey Zucker, Associate Director Modernization and Strategic Resource Allocation at [stacey.zucker@tdsb.on.ca](mailto:stacey.zucker@tdsb.on.ca) or at [phone]

Craig Snider, Executive Officer Finance at [craig.snider@tdsb.on.ca](mailto:craig.snider@tdsb.on.ca) or at 416-476-3182

Sri Alageswaran, Comptroller Budget, Financial Reporting, Payroll Operations at [sri.alageswaran@tdsb.on.ca](mailto:sri.alageswaran@tdsb.on.ca) or 416-395-3562