



## **2023-24 Updated Projected Financial Position**

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

**Date:** 23 May, 2023

**Report No.:** 05-23-4543

### **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 report regarding the 2023-24 updated financial position be received.

### **Context**

#### ***Background***

On February 15, 2023, as a preliminary step in the 2023-24 budget development, staff presented a report showing the projected financial position for 2023-24. At this time, staff used the projected enrolment and the best information available to predict revenues and expenses for 2023-24. The projected deficit for 2023-24 was estimated at \$61 million.

On March 29, 2023, school-based staffing was presented at the Finance, Budget and Enrolment Committee (FBEC) meeting and at this time, \$2.3 million was added to the deficit projection as a result of maintaining the forty School Based Safety Monitors funded by the COVID Learning Recovery Grant which will not be continued in 2023-24. Therefore, the projected deficit was revised to \$63.3 million.

The Grant for Student Needs (GSN) was released on April 17, 2023, and since the GSN was released, Board staff have used the projected enrolment to calculate the projected GSN revenue for 2023-24. In addition, staff has reviewed other Board revenue and expenditures to ensure that projections are up to date.

## ***Updated Projection***

### **Change in GSN Revenue**

An update on the release was provided at the April 24, 2023 FBEC meeting and at that time, it was noted that the main changes in the GSN related to:

- Funding to support the increase in salaries determined at the Provincial level including a \$1.00/hour increase for education workers and a 1.25% increase for teaching staff.
- An increase for TDSB in the transportation grant with some additional enveloping and reporting requirements.
- An increase of 2% for school operations non-staffing costs (eg. Utilities)
- An increase related to grants that were previously provided to Boards as Priorities and Partnership Funding (PPF) moving into the GSN

Staff has estimated that the GSN will increase by \$44.9 million.

### **Change in Other Revenues**

#### *Change in International Student Revenue*

The international student revenue has been updated based on the number of students that have already paid for their positions for 2023-24. Staff has used this information and historical trends to estimate the projected revenue. Although the number of students is increasing, the Board is not yet back to pre-pandemic enrolment. The International Students and Admissions continues to work towards increasing enrolment.

#### *Change in Child Care Revenue*

As indicated in the update provided at the April 14, 2023 FBEC meeting, the Ministry is working towards providing benchmarks related to child cares that are expected to be developed during summer 2023. TDSB expects that this review could impact the rate that the Board can charge related to the City of Toronto child care umbrella agreement. In order to be conservative, the projected revenue related to child care leases has been reduced.

### *Change in Lease Revenue*

Other revenue has been increased to reflect an increase in leasing revenue based on actual agreements in place for 2023-24.

### **Change in Staffing Cost Estimates**

Staffing costs have been adjusted for a number of items:

- Teacher salaries include a 1.25% increase and education workers include a \$1.00/hour increase
- Gapping savings (the savings that result because of vacancies) have been estimated based on historical trends
- Replacement costs for sick leave have been estimated based on historical costs
- Some existing positions will be funded by Priorities and Partnership Grants in 2023-24

### **Change in Other Cost Estimates**

The changes in other costs estimated by staff in February have been adjusted based on more up to date information. The revised estimate is very close to the original estimate.

### **Change in Interest Revenue**

In February, a projected increase of \$10.2 million was estimated for 2023-24 based on the investments of the Board and projected interest rates. After further review and discussion with financial institutions, the estimate has been adjusted.

### **Net Change in Projection**

The overall change in revenues and expenses from the \$63.3 million estimate is gain of \$1.6 million. This results in a projected deficit of \$61.7 million.

### **Approved Budget Reductions**

The Board has approved \$9.4 million of reductions in school-based staff during the March staffing process.

### **Addition of Aquatic Instructors**

On May 15, 2023, a motion was referred to the final discussion regarding the 2023-24 budget process that asked the Director to add back a compliment of aquatic instructors to ensure full programming for students in all schools with pools for 2023-24. Staff has reviewed this request and has determined that the number of additional aquatic instructors would be 6.0 FTE, or \$400,000.

## **Updated Financial Position**

As a result of the budget reductions approved, the current projected financial position is a deficit of \$52.3 million. If staff were to be directed to add back the aquatic instructors, the deficit would be \$52.7 million.

## **Action Plan and Associated Timeline**

The deadline for submitting a balanced budget to the Ministry of Education is June 30, 2023. The timeline in order to approve a balanced budget by the deadline is highlighted in the following chart:

<b>Date</b>	<b>Meeting</b>	<b>Key Aspects of Budget Development</b>
<b>June 1</b>	FBEC	Options to Balance Draft Capital Budget
<b>June 5-9</b>	Budget Information Sessions Ward Forums	Public Feedback
<b>June 12</b>	Special FBEC	Delegation Meeting
<b>June 13</b>	Special FBEC	Review of Stakeholder Feedback Options to Balance
<b>June 20</b>	Special FBEC	Presentation of Final Budget
<b>June 22</b>	Special Board	Seeking Approval of Final Budget

## **Resource Implications**

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. In order to achieve a balanced budget, the Board would require an additional \$52.3 million in reductions.

## **Communications Considerations**

It is important to continue to update stakeholders about the budget process and the impacts of the decisions that will be proposed to balance the budget.

Staff will work together to ensure all relevant information is provided to stakeholders on the Board Budget website, to ensure that they are aware of opportunities to provide feedback.

## **Board Policy and Procedure Reference(s)**

Not applicable.

## **Appendices**

Appendix A: Updated 2023-24 Projected Financial Position

## **From**

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