



2020-21 Operating Budget

To: Special Finance, Budget and Enrolment Committee

Date: 6 August, 2020

Report No.: 08-20-3933

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 Board approve the proposed balanced operating budget for the 2020-21 school year as outlined in this report.

Context

2020-21 Budget Submission

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. This year the deadline for submission to the Ministry has been extended to August 19, 2020 due to the late release of the Grant for Student Needs (GSN).

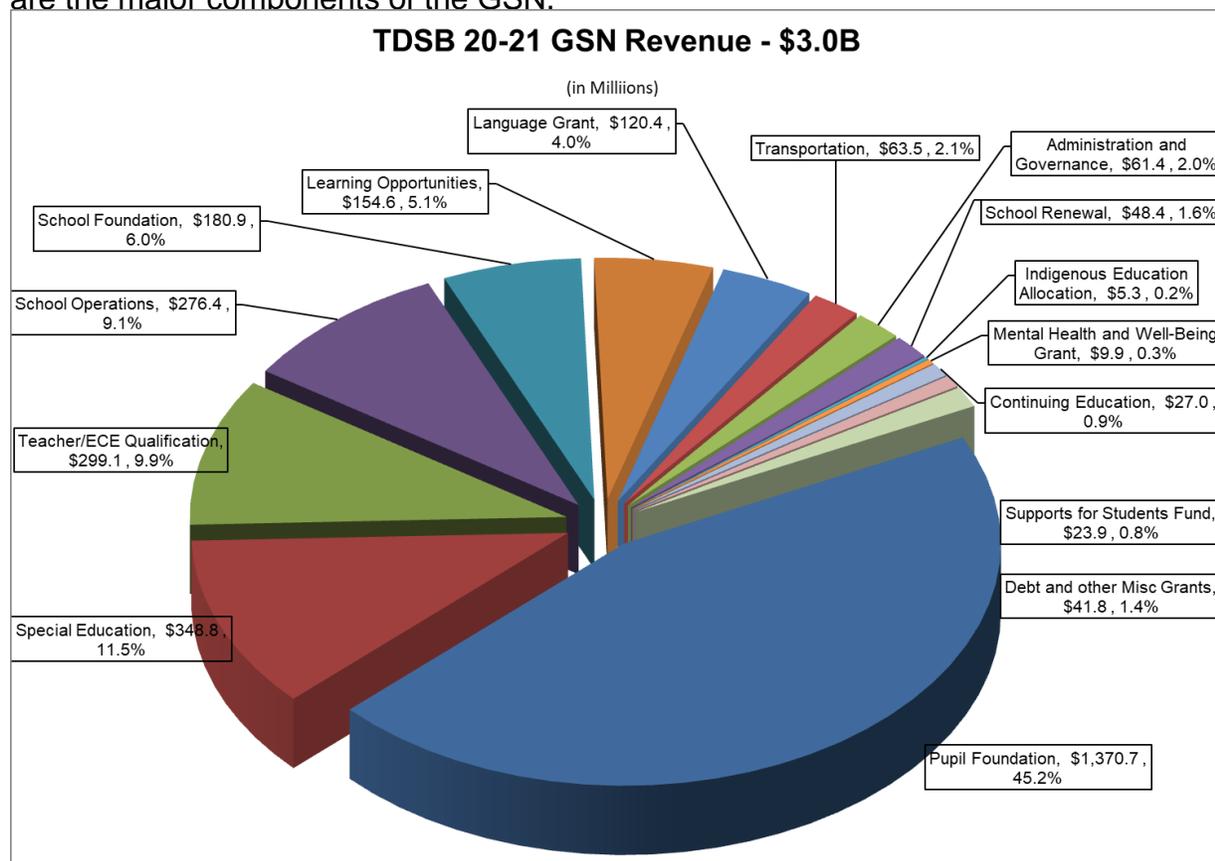
2020-21 Projected Board Revenues

Total TDSB's 2020-21 revenues are forecasted to be \$3.4B. The breakdown of these revenues is presented below:

2020-21 Revenue Forecast	In millions (\$)	%
Grants for Student Needs (GSN)	3,032.2	88.22%
Other Revenue:		
Deferred Capital Contribution and Capital (Note 1)	195.5	5.69%
Community Services Funding	55.3	1.61%
School Generated Funds	40.0	1.16%
Lease and Permit Revenue	29.8	0.87%
Tuition Fees – International Students	25.4	0.74%
Secondment	13.2	0.38%
EarlyON and Extended Day Programs	11.0	0.32%
Miscellaneous – Other	9.2	0.27%
Interest	6.2	0.18%
Priorities and Partnerships Fund	6.0	0.17%
Cafeteria	5.2	0.15%
Continuing Education	4.4	0.13%
COVID-19 Funding	3.5	0.10%
Subtotal	404.7	11.78%
Total 2020-21 TDSB Forecasted Revenues	3,436.9	100.00%

Note 1: Deferred Capital Contribution is the net of capital revenues being recognized at the same time as the associated depreciation/amortization of those assets is expensed.

GSN represents approximately 88.2% of the board's overall revenue. Outlined below are the major components of the GSN.



2020-21 Projected Board Expenditures

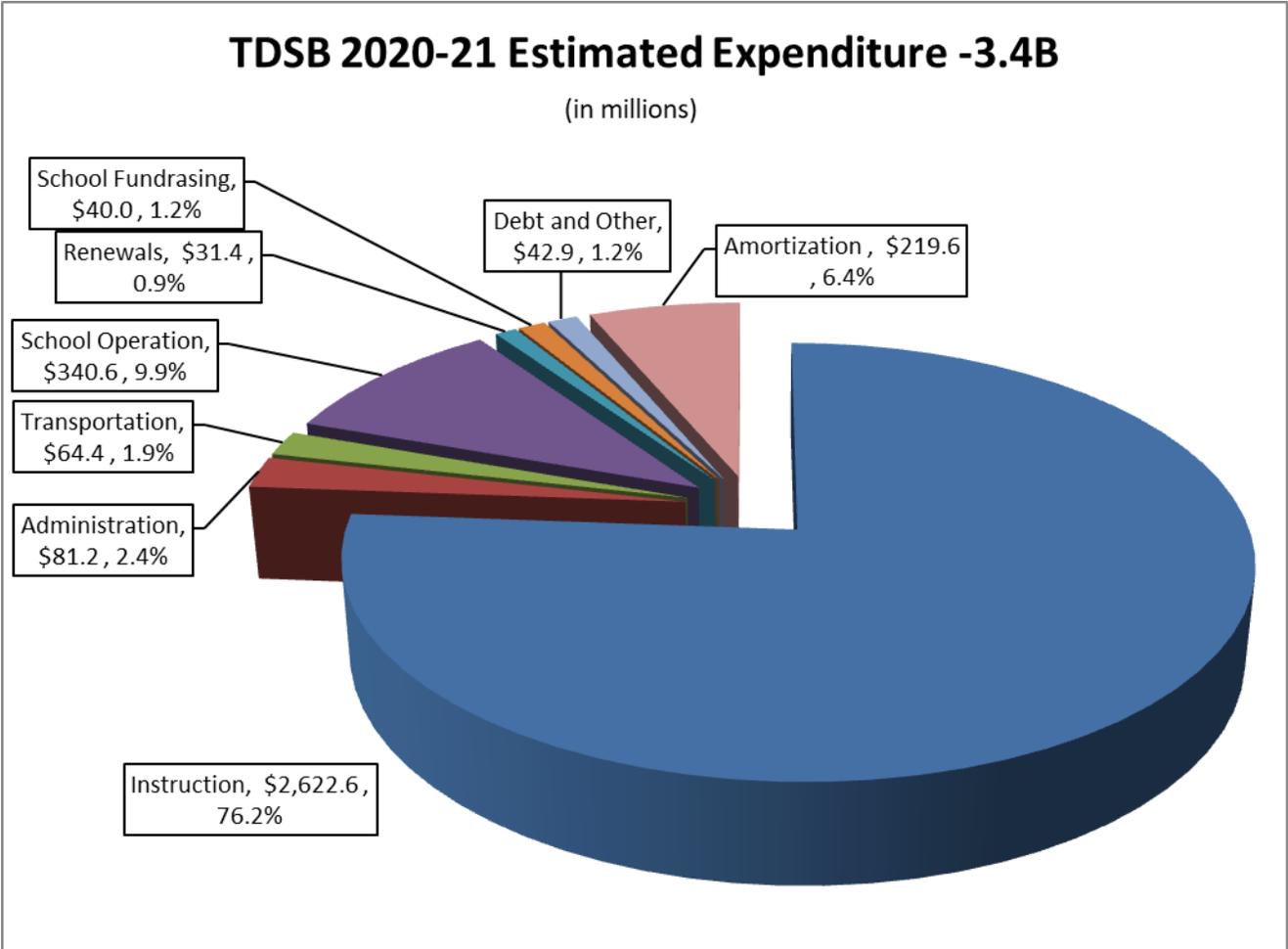
Staff have prepared this operating budget based on the information available and best estimates for the upcoming school year. Given the unprecedented nature of the COVID-19 pandemic, there is no experiential data or history to draw on. Therefore, until school boards gain experience from returning to school in the fall, staff have only included COVID-19 costs for the first four months of the year. Staff are hopeful that the budget impacts of COVID-19 will gradually diminish as virus infection rates continue to decline.

Staff will continue to update Trustees on the impact of COVID-19 on the board's operations during the 2020-21 school year. This will include an update to the budget in November as part of the Revised Estimates submission to the Ministry.

Given the uncertainty of how the pandemic will progress in Ontario and growing public concern around the impact of the pandemic on the health, safety and education of students, staff have built a budget assuming no changes to the base budget. Staff feel that moving into the reopening of the system while potentially making changes to current operations would not be in the best interests of the system, and could negatively impact staff and student well-being. Since the projected operating deficit is primarily due

to additional COVID-19 costs, staff have determined that the use of reserves to offset the projected deficit is the appropriate strategy at this time.

The annual operating budget for the Toronto District School Board (TDSB) is projected to be approximately \$3.4B. The chart below provides a breakdown of the major components of the budget.



Appendix A provides a detailed by department breakdown of the operating budget for 2020-21.

TDSB is committed to using all resources responsibly and effectively. However, the funding provided by the provincial government does not fully meet the needs of students in Toronto. This has resulted in significant funding gaps in areas such as teacher costs, Special Education and supply staff. In order to address these funding gaps and to ensure that the needs of our students are met, TDSB is required to find savings in other areas within the Board to balance its annual budget. A full listing of these gaps is reported in the Financial Facts report, which is available on TDSB’s external website: www.tdsb.on.ca/budget.

The following chart provides an overview of the Financial Position of the board as a result of the following factors:

- Incremental revenue changes
- Approved Year 2 budget savings
- Changes to base operating budget for 2020-21
- Impact of COVID-19 on operating budget
- Update on projected working funds available to balance budget

TDSB 2020-21 Budget As at July 30th 2020 (in \$ millions)	
Forecasted 19-20 in year Operation - Surplus/(Deficit) -A	(\$27.2)
Approved Year 2 Budget Savings/(Spending)	
Outdoor Ed	0.5
Leadership and learning	(0.3)
Supplementary Teachers – French	2.0
Supplementary Teachers – Gifted	0.5
Transportation – Bell Times	2.5
Professional Development	(1.0)
Lunchroom Supervisors	1.0
Total Year 2 budget Savings - B	\$5.2
Base Budget Incremental Revenue - Increases/(Decreases)	
Supply Teacher funding	3.4
HST and Vendor Contract Rebates	2.0
Goods Receipt Invoice and Receipt Clearing Adjustments	6.0
Educational Software	0.2
Bank Interest	(2.5)
Total Revenue change - C	\$9.1
Base Budget Incremental Expenditure - Increases/(Decreases)	
Payroll Taxes and Future Employee Benefits	5.0
Insurance Premiums	4.0
New Educational Software	0.5
Student Information System	7.3
Information Technology Infrastructure	1.7
Centre of Excellence for Black Student Achievement	1.9
Enhanced Employee Services Investigation Resources	0.3
Business Services System	0.5
School Budgets	(3.0)
Equity Funds used to cover IB expense	(0.2)
IB registration and PD expense reduction	(0.2)
Utility saving due to gas price lock in	(0.4)
Classroom Teachers	(20.0)
Total Base Budget Adjustments - D	(\$2.6)
Net Base Budget Changes-Surplus/(Deficit) E=A+B+C-D	(\$10.3)
Ministry Covid Funding Increases - (Estimated)	
Technology Funding	1.8
Mental Health Funding	1.2
Personal Protective Equipment (PPE)	0.5
Total Ministry Covid Funding - F	\$3.5
Summary of COVID19 Expenditure Increases	
Permit Revenue Decrease - 4 month impact	(2.3)
Decrease in International Students – Full year impact	(4.4)
Technology Requirements – Full year impact	(4.9)
PPE – 4 month impact	(1.5)
Facilities Cost - Caretaking and Supplies – 4 month impact	(4.2)
Health and Safety Department increases – Full year impact	(0.3)
Special Education – Full year impact	(2.1)
Professional Development – Full year impact	(2.6)
Interpretation and Translation Services - 4 month impact	(0.2)
Summary of COVID19 Impacts - G	(\$22.5)
In Year surplus / (Deficit) - H=E-F+G	(\$29.3)
Prior year working funds reserve	\$29.7

Update on Year 2 Savings Targets

In June 2019, the Board passed a balanced budget, with total reductions of \$67.8M over two years (2019-20 and 2020-21). The first year had reductions totalling \$46.8M, with \$21.0M in additional reductions planned for 2020-21. These saving targets have been updated and are anticipated to provide only \$5.2M in savings following Board direction to suspend IB fees to students. A detailed breakdown and explanation can be found in Appendix B.

Changes to the Base Operating Budget for 2020-21

This year, due to the challenges of operating during the COVID-19 pandemic, the TDSB's budget process has been modified. In order to highlight the impact of the pandemic on the TDSB's operating budget, staff have separated COVID-19 impacts from the TDSB's base budget.

In a typical year, adjustments are made to the base budget to reflect changes in programming, policy, external influence and other factors. Outlined below are some of the changes to the base budget anticipated for the 2020-21 school year. This does not include any COVID-19 related changes or costs.

While the Ministry of Education provided additional funds for labour agreements, these funds are a flow through to the Board's budget since there are offsetting expense increases as well.

Appendix C provides a description of the revenue and expenditure changes to the base operating budget for 2020-21.

Impact of COVID-19 on Operating Budget

On Thursday July 30th the Ministry of Education announced the school re-opening plans for September, included in these plans was additional funding of approximately \$309M provincially. **Please note the allocations for Testing and Public Health Nurses will not flow to school boards directly.**

The breakdown of the funding is as follows:

New Investments	Amount
Masks and Personal Protective Equipment (PPE)	\$60.0M
Funding for Additional Staffing	\$80.0M
Cleaning Supplies	\$25.0M

Health and Safety Training	\$10.0M
Transportation – Cleaning Supplies and PPE	\$40.0M
Lab Testing Capacity*	\$23.7M
Additional Public Health Nurses*	\$50.0M
Additional Mental Health Supports	\$10.0M
Additional Supports for Students with Special Needs	\$10.0M

*These funding allocations will be provided to outside health agencies to support student and staff well-being. School boards will not receive these funds directly.

As additional information on purpose and uses of this funding are provided by the Ministry along with board by board allocations staff will update trustees and make the necessary adjustments to the budget at the Revised Estimate submission in November to the Ministry.

The above funding support to school board is in addition to the previously announced COVID-19 funding outlined below, which has been included in the 2020-21 Operating Budget:

Item	Amount	Description
Technology Funding	\$1.8M	The Ministry announced \$15M province-wide to support increased technology needs during the pandemic. While individual board-by-board allocations have not yet been provided, TDSB has forecasted its portion to be \$1.8M.
Mental Health Funding	\$1.2M	The Ministry announced \$10M province-wide for increased mental health services to support the continued learning and well-being of students during the pandemic. While individual board-by-board allocations have not yet been provided, TDSB has forecasted its portion to be \$1.2M.

Item	Amount	Description
Personal Protective Equipment (PPE)	\$0.5M	The Minister announced funding of \$4M province-wide to support the purchase of PPE for school boards. While individual board allocations have not yet been provided, TDSB has forecasted its portion to be \$0.5M.
Total	\$3.5M	

The following items relate to COVID-19 impacts on the TDSB’s 2020-21 operating budget. The return to school plans will be based on direction from the Ministry of Education and guidance from public health authorities. This direction and guidance may change as the pandemic evolves. The details below are based on the most current information available and Trustees will be updated as changes occur. A complete update of the budget will be presented in November during the Revised Estimate submission to the Ministry.

The four month impact due to COVID-19 have been divided into two areas: those impacting both revenues and expenses of the board, and those only impacting expenditures.

Revenue and Expense Impacts

Permit Revenues – Due to physical distancing protocols and the additional cleaning required after permits, staff are recommending the following option to Trustees to alleviate budget pressures in this area.

During the pandemic, all permit holders would be charged a surcharge to offset the additional cleaning required. This would allow the permit holders who comply with Toronto Public Health guidelines to continue their operations on TDSB sites. This would also mean that there would be no impact to the Board’s budget as the surcharge would offset additional costs. There may be some groups that will not be granted access to the space through permits, and the revenue impact from these groups will be considered.

On an annual basis, permits account for approximately \$9.8M of revenue. Staff are forecasting limited permits during the first four months of the school year due to limited staffing or Public Health protocols, and the impact to the Board’s budget would be \$2.3M.

International Student Tuition – Due to the pandemic, it is anticipated that there will be a reduction in enrolment of approximately 760 international students which represents

\$11M in tuition loss in 2020-21. The reduced tuition revenue will be offset somewhat by the need for fewer teachers and commission savings. In addition the International Students department is looking to provide online learning options. The forecasted net impact of these changes is approximately \$4.4M to TDSB's budget.

Expenditure Changes

Technology – Staff are working to procure additional technology to support student learning and to allow for the technology that was distributed during the 2019-20 school year to remain with students until there is a full return to school. Staff are planning to invest \$4.9M in technology through the realignment of school budgets and the additional funding provided by the Ministry. This will provide approximately 12,000 Chromebooks and 3,000 iPads to the system.

Personal Protective Equipment (PPE) – The Ministry of Education and the Ministry of Government and Consumer Services are working to ensure all school boards have the necessary PPE for the first month of school. Staff will continue to work to secure various types of PPE to support the safe return to school and work for staff and students. TDSB is working closely with Toronto Public Health to determine the types and levels of PPE required. As there are no templates or previous models to draw on, staff have had to estimate yearly usage. Staff are currently forecasting a need of \$1.5M of PPE for the first four months of the school year. With the previously mentioned funding of \$0.5M, it would bring the budget impact to \$1M. This would provide masks, face shields, gloves and other equipment to staff and students when social distancing is not possible.

Facilities Related Costs – The Facility Services department, working with Health and Safety, have developed a projection of approximately \$4.2M in additional staff costs required to meet the cleaning protocols during the pandemic. This additional budget allocation would provide the equivalent of 96.5 FTE of caretakers for the system. In addition, \$2.2M will be needed for additional cleaning supplies. It is projected that the costs for the first four months of school will be approximately \$4.2M. This increase assumes 52.0 FTE additional caretakers will be provided through the Worker's Protection Fund.

Health and Safety Staffing – Due to increased demands for assistance and support from the Health and Safety department during the pandemic, staff recommend hiring two additional Health and Safety Officers and one nurse (for one year terms) at a total cost of \$320,000.

Special Education – To support our students with special needs and their transition back to school, the Special Education department has asked for the following supports:

- 5 Blind and Low Vision Educational Assistants

- 2 Social Workers to support blind and low vision students
- 5 Deaf and Hard of Hearing Educational Assistants
- 5 Educational Assistants to support developmentally delayed students
- 5 Special Needs Assistants to support developmentally delayed students
- 2 Board Certified Behavior Analysts (BCBA) to support ASD students
- IT technician to support SEA equipment and students
- Various professional development and materials totalling \$110,000

The total of this request is \$2.1M.

Professional Development – Investments in professional development to support students and staff are being provided in the following areas:

- Early Literacy Intervention Resources and Training \$0.25M
- Academic professional development in various areas \$2.15M
- Operations professional development in various areas \$0.2M

Interpretation and Translation Services – Due to the increased need to communicate with families and the community during the pandemic, an additional \$0.6M is being allocated to support interpretation and translation services. Staff are currently forecasting \$0.2M will be incurred during the first four months of the school year.

Update on Working Funds available from 2019-20

As per the previous report, the balance of working funds available to support an operating deficit is projected to be \$29.7M. Per Ministry regulation, school boards can only have an in-year deficit equal to the lesser of working funds or 1% of operating funds. Based on projections for 2019-20, this means the maximum operating deficit without Ministry special approval is \$29.5M.

2020-21 Operating Budget Assumptions and Risks

The following items have been identified as risk factors that could impact the 2020-21 operating budget. While these items are only risks at this time, staff have estimated the range of potential impact each item could have to the budget. Due to the high degree of uncertainty, these risks have not been included in the budget at this time.

Pandemic Risk

As school boards have not yet resumed regular operations during the pandemic, resources needed to support staff and students will not be fully quantifiable until the fall. Areas of risk for the Board are as follows:

Revenue Decreases – Depending on how the pandemic evolves, revenues related to permits, cafeteria sales, leases, international	We have estimated that the following
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<p>visa students, childcare, Extended Day Programs and community programs may be impacted further than the current forecasts.</p>	<p>revenues could further decrease by the amounts listed in the ranges below:</p> <p>Interest income: \$2.5M to \$4M.</p> <p>International Students: \$1M to \$2M</p> <p>Permits and Pools: \$2M to \$5M</p> <p>Childcare and EDP: \$0.5M to \$2M</p> <p>Cafeterias: \$1M to \$3M</p>
<p>Staffing Costs – if more staff are required, this will cause additional pressure if it exceeds the levels planned for in this budget.</p>	<p>It is difficult to determine the level of risk until a decision of staff required is made, and if additional funding is provided by the Ministry.</p>
<p>Operating Expenses – items such as PPE and cleaning supplies are forecasted based on staff’s best estimates. If additional resources for staff and students are required, it will impact the TDSB’s budget.</p>	<p>The financial risk could be between \$2M to \$10M, depending on the impact of the pandemic</p>
<p>Additional costs may be projected if there is an increase in infection levels and if there are extended school or system closures.</p>	<p>As there are too many unknowns, it is difficult to quantify an amount for the purpose of this</p>

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<p><i>Enrolment</i> – Since the Board’s revenue is mainly determined based on its enrolment, projections are potentially an area of significant risk, specifically related to newcomer students (impacting both Pupil Foundation and English as a Second Language) and French as a Second Language (FSL).</p> <p>Planning has provided detailed projections of school-by-school enrolment. These enrolments are based on the best information available and historical trends. In 2020-21, the enrolment for regular day school students is based on student counts on October 31 and March 31. The enrolments this year may be subject to change due to the impact of pandemic. Newcomer enrolment projections could be lower due to changes in immigration patterns resulting from the pandemic. FSL enrolment may be impacted due to parent concerns around sending their child to another school on the bus or supporting them during an alternative delivery of curriculum.</p>	<p>The impact of lower enrolments could be between \$2M to \$7M</p>
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<p><i>Supply Costs</i> – Staff have maintained the previous year’s supply cost budget due to the uncertainty of the pandemic.</p>	<p>The uncertainty of risk in supply costs is due to not knowing the impact of the pandemic on school operations. If the pandemic escalates to the point of system closures, the board may again save costs. However, if infection rates remain relatively low, then additional costs could be incurred due to</p>
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	<p>increased incidents of sickness related to the pandemic. Another factor impacting the level of risk is the availability of supply staff during the pandemic. The range of risk is from savings of \$14M to cost increase of \$20M.</p>
<p><i>Inflation</i> – Staff have assumed normal inflation impact on fuel and electrical utility costs in 2020-21. Should there be a significant inflationary impact in these areas, the result would be an added budget pressure.</p>	<p>The risk is estimated to be between \$2 to \$5M.</p>
<p><i>COVID-19 and Funding Announcements</i> – As stated above, TDSB has assumed the funding amounts for the previously announced grants in Technology, Mental Health and COVID-19 supplies. Adjustments will be necessary if there are future changes in these assumptions.</p>	<p>The risk of overstating grant estimates is in the range of \$0.1M to \$0.5M</p>
<p><i>Transportation</i> – There are several factors to be considered in the delivery of transportation, including:</p> <ul style="list-style-type: none"> ● The number of drivers returning to work as approximately 12% of TDSB drivers are in the high risk group. In addition, retaining drivers in normal school start is a challenge in the GTA area; and ● The number of families who decide not to transport their children on school buses or TTC could have an impact on the cost of transportation. <p>Therefore, at this point, no additional budget has been allocated to transportation.</p>	<p>The risk of additional costs for cleaning and PPE could be between \$2M to \$4M.</p>

Action Plan and Associated Timeline

Once Board approves the 2020-21 operating budget and capital budgets on August 6, staff will complete and submit the required budget documentation to the Ministry of Education on or before August 19.

Resource Implications

School boards are required to submit a balanced budget to the Ministry of Education by August 19, 2020. School boards can have a deficit of up to the lesser of one percent of the school board's operating revenue or the accumulated surplus for the preceding school year (consistent with the requirements set out in Ontario Regulation 280/19). If a school board anticipates an in-year deficit of greater than one percent in its operating allocation, then the Minister's approval is required. Under either scenario, the school board must provide a deficit recovery plan.

Deficit Recovery Plan

TDSB's operating budget for 2020-21 will be in deficit by \$29.3M, therefore TDSB must submit with their budget a deficit recovery plan for 2021-22 to offset this deficit. Staff are recommending the following deficit recovery plan for 2021-22:

Item	Amount	Notes
COVID-19 expenses	\$22.5M	The assumption would be that these expenses will no longer be incurred after the pandemic.
SIS Implementation	\$3.5M	As the implementation of the Student Information Systems enters the second year, the start-up costs will be reduced.
Permits	\$1.0M	Permit revenue should improve year over year as restrictions are eased.
International Student Visa Fees	\$2.5M	As pandemic restrictions ease, we should see a return of international students attending TDSB schools.
Total	\$29.5M	

Communications Considerations

This revised report will be highlighted on the TDSB budget webpage.

Board Policy and Procedure Reference(s)

N/A

Appendices

Appendix A – Detailed Departmental Budgets 2020-21

Appendix B – Update on Year 2 Savings Targets

Appendix C – Updates to the Base Budget of TDSB for 2020-21

From

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