



Update on 2020-21 Revised Estimates and COVID-19 Resilience Infrastructure Stream Funding

To: Finance, Budget and Enrolment Committee

Date: 20 January, 2021

Report No.: 01-21-4014

Strategic Directions

- Provide Equity of Access to Learning Opportunities for All Students
- Allocate Human and Financial Resources Strategically to Support Student Needs

Recommendation

It is recommended that the Update on 2020-21 Revised Estimates and COVID-19 Resilience Infrastructure Stream Funding Report be received.

Context

There have been several updates relating to budget and capital funding that will be updated in this report including:

- 1) Update on 2020-21 Revised Estimates
- 2) COVID-19 Resilience Infrastructure Stream Funding
- 3) Climate Action Incentive Fund
- 4) Advocacy Letter to Minister of Education on COVID-19 costs

Update on 2020-21 Revised Estimates

At the 25 November 2020 Finance, Budget and Enrolment Committee (FBEC) meeting, a preliminary 2020-21 Revised Estimates report was presented, outlining a projected deficit of \$93.6M, or 3.25% of the operating grant. The purpose of this report is to

present the changes to the Toronto District School Board's (TDSB) 2020-21 forecast position since the November update.

After incorporating the Ministry's stabilization funding and other adjustments, TDSB's 2020-21 revised forecasted deficit is \$45.6M, or 1.6% of the operating grant. Based on this revised amount, Ministry approval for exceeding the 2% deficit threshold is no longer required.

It is also important to note that the second instalment of federal COVID-19 funding is not included in the revised calculation presented in this report. The funding is expected to be announced sometime in late January or February 2021. Staff will provide an update at the upcoming February or March FBEC meeting.

A summary of revenue and expense changes since the last report is outlined below.

Revenue Changes

1) Grants for Student Needs (GSNs) Funding Stabilization

According to the B22 Memorandum released on 26 November 2020, the Ministry announced a one-time funding stabilization for the 2020-21 school year, to mitigate the financial impact of unexpected enrolment decreases due to the pandemic, and to ensure ongoing supports and programming for students.

This funding resulted in an increase of \$45.6M to TDSB's 2020-21 revenues and is based on the difference between the GSN funding allocation floor after adjustments, and the GSN funding before the stabilization funding. The GSN funding allocation floor is based on the lower of the 2020-21 GSN projections or 2020-21 estimates. This funding amount could increase further if enrolment declines further in the second half of the 2020-21 school year.

2) GSN Reduction due to Secondary Enrolment Update

There has been a decrease to the 2020-21 secondary enrolment projection by approximately 272 ADE (Average Daily Enrolment), compared to the ADE presented at the November FBEC meeting. This resulted in a \$1.7M decrease to TDSB's 2020-21 revenues. There were no changes to the elementary enrolment projections.

3) Extended Day Program Funding

In December 2020, Toronto Children's Services released the one-time stability, extended and mandated closure funding. This City of Toronto funding is intended for

enhanced cleaning, PPE, health and safety requirements, and to support staff absenteeism, low program enrolment and other childcare administrative costs due to the COVID-19 pandemic. This resulted in a \$2.5M increase to TDSB's 2020-21 revenues.

Expense Changes

1) Outdoor Education Budget Changes

Due to COVID-19, the budget for outdoor education was adjusted by \$1.1M to reflect the reduction to outdoor education program fee revenues for the 2020-21 school year, offset by savings from cost reductions.

2) Benefit Trust True Up and Other Adjustments

The benefit trust amounts are funded based on the average employee full time equivalent (FTE) count as of 31st October and 31st March of each year. The \$2.7M reduction in expenditures is related to a reconciliation of the costs between the original 2020-21 Estimates and the costs based on the 31st October count.

3) Other Funding

On 26 November 2020, the Ministry also announced \$189.7K in COVID-19 Education and Community Partnership Program (ECPP) Technology Funding to TDSB. According to the B23 Memorandum, this is a one-time investment, which utilizes the remaining balance from the government's Future Pandemic Response Fund for the ECPP to fund technology related costs to support continued student learning. This funding will not have impact to the 2020-21 net financial position as the funding will be equally offset by expenditures.

Changes to 2020-21 Reserves Position

TDSB's working funds surplus balance was \$16.8M as of 31 August 2020. TDSB is still awaiting the Ministry's approval to utilize capital proceeds of disposition to offset construction labour costs, which will result in a \$10.3M increase to working funds in 2020-21. There is also a transfer of \$10M in overcontributions from the benefit funds on deposit to working funds this year. After factoring in the \$45.6M 2020-21 revised financial deficit, the projected working funds deficit is \$8.5M as of 31 August 2021.

Please refer to Appendix A for the 2020-21 Revised statement of financial position and projected reserves.

A breakdown of 2020-21 Pandemic related funding and expenses are outlined in Appendix B. These amounts were reported in the 2020-21 Revised Estimates report submitted to the Ministry in December 2020.

Capital Funding Update: COVID-19 Resilience Infrastructure Stream Funding

On 28 October 2020, the Ministry released Memorandum B20, which outlined information regarding the application process and eligibility criteria for the COVID-19 Resilience Infrastructure Stream (CVRIS) funding. It provides up to \$700M in combined federal and provincial funding for education-related infrastructure projects across the province. The funding submission deadline was 18 November 2020.

The projects were selected with the objective of protecting the health and well-being of students, staff, and children in schools and co-located childcare facilities. The projects were also selected to address needs relating to the COVID-19 environment.

According to the funding criteria, the projects must fall under one of the following themes:

- Promoting occupant health and safety;
- Improving facility condition (e.g. optimizing air quality, or safe access to drinking water);
- Enhancing physical distancing; and
- Facilitating distance learning (e.g. network and broadband infrastructure).

All projects included in the submission must be substantially completed by 31 December 2021. If the work is not completed by this date, then no funding will be received from the Ministry, even if costs have been incurred. In addition, the projects selected for the CVRIS submission must not have commenced prior to the Ministry's approval.

In November, TDSB submitted \$159.3M in capital projects for the CVRIS submission across 18 project categories in multiple TDSB schools and childcare facilities.

Based on preliminary discussions with the Ministry in December 2020, it is anticipated that approximately \$82M or approximately half of the project amount submitted would be approved. Final Ministry confirmation of approved projects is expected in January or February 2021.

A summary of the projects included in the CVRIS submission is provided in Appendices C1 and C2.

Capital Funding Update: Climate Action Incentive Fund

On 18 December 2020, the federal government also announced the Climate Action Incentive Fund (CAIF). TDSB's funding allocation is \$3.8M. This funding is intended to support energy efficient improvements and retrofits to schools in Ontario to reduce energy consumption, utility costs and carbon pollution. The CAIF is a cost-matching program for eligible capital expenditures between ~~15 March 2020~~ 15 May 2020 and 31 March 2021. Projects are submitted for approval to the Federal government prior to reimbursement and eligible projects must be completed by 31 March 2021. The application deadline is 15 January 2021. A list of the projects to be submitted are included in Appendix D.

Advocacy Letter to the Minister of Education on COVID-19 costs

On December 9, 2020, the Board approved a motion to send a letter to the Minister of Education and Ontario Public School Boards' Association (OPSBA) to advocate for the full reimbursement of reserve funds and other pandemic-related costs spent to safely open and operate schools. A draft of the letter is provided in Appendix E.

Action Plan and Associated Timeline

Staff will continue to update Trustees as new information becomes available. Quarterly updates of financial position will be provided to FBEC including forecasts for the balance of the year.

The draft letter to the Minister and OPSBA, including any changes proposed by this Committee, will be finalized for submission.

Resource Implications

School boards are required to have a balanced budget.

Communications Considerations

This report will be posted on the Board budget website.

Board Policy and Procedure Reference(s)

Not applicable.

Appendices

- Appendix A: Revised 2020-21 Statement of Financial Position and Projected Reserves
- Appendix B: Summary of 2020-21 Pandemic Funding and Expenses
- Appendix C1 and C2: COVID-19 Resilience Infrastructure Stream Funding - Projects Submission
- Appendix D: Climate Action Incentive Fund – Projects Submission
- Appendix E: Draft Letter to the Minister and OPSBA

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