



2022-23 Budget Development Presentation Materials

To: Finance, Budget and Enrolment Committee

Date: 7 April, 2022

Report No.: 04-22-4301

Strategic Directions

- 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 2022-23 budget development presentation materials be received.

Context

Staff have compiled a presentation outlining the most recent information available, to support the upcoming 2022-23 budget development process.

From April to June 2022, staff will continue to update the presentation materials, which will be made available on the TDSB external website after each FBEC meeting. Trustees are welcome to share the information with their constituents or at upcoming ward forums.

There will also be two 2022-23 budget virtual town hall sessions, which are tentatively scheduled on May 17 and/or May 19, 2022. These sessions will be delivered virtually through a live webcast. The public will be able to submit their questions or leave comments during the sessions through a ScribbleLive feed. The questions and comments will be answered by staff live on video. For those who cannot attend the meetings, recordings of the presentations and the questions and answers will be posted on the website following the virtual town hall sessions.

Action Plan and Associated Timeline

The 2022-23 budget information will continue to be updated on the budget section of the TDSB website as new information becomes available. (Link:

<https://www.tdsb.on.ca/About-Us/Business-Services/Budgets-and-Financial-Statements/Developing-the-2022-2023-Budget>)

Resource Implications

N/A

Communications Considerations

The budget communication plan was presented at the November 2, 2021 FBEC meeting and staff will continue to review and update communication strategies as we proceed with the 2022-23 budget process.

Board Policy and Procedure Reference(s)

N/A

Appendices

- Appendix A: TDSB 2022-23 Budget Information (April 2022)

From

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Toronto District School Board 2022-23 Budget Presentation

As of April 7, 2022



Acknowledgement of Traditional Lands

We acknowledge we are hosted on the lands of the Mississaugas of the Anishinaabe (A NISH NA BEE), the Haudenosaunee (HOE DENA SHOW NEE) Confederacy and the Wendat. We also recognize the enduring presence of all First Nations, Métis and Inuit people.

Reconnaissance des Terres Traditionnelles

Nous reconnaissons que nous sommes accueillis sur les terres des Mississaugas des Anichinabés (A NISH NA BEY), de la Confédération Haudenosaunee (HOE DENA SHOW NE) et du Wendat. Nous voulons également reconnaître la pérennité de la présence des Premières Nations, des Métis et des Inuit

Budget Information

- Budget Development Process and Report Timelines
- Ministry Funding Announcement Recap
- 2022-23 Budget Drivers
- Enrolment Projections
- Key Components of Education Funding
- 2021-22 Financial Projections, Projected Working Funds and Reserves Balance
- Budget Challenges
- Other Budget Risks
- Q&A

Budget Development Process and Report Timelines

- Funding for education is determined through a set of provincial benchmark costs for the major components of education operations and student enrolment.
- This year, the 2022-23 Grants for Student Needs (GSN) and Priorities & Partnership Funding (PPF) were announced on February 17, 2022. The detailed GSN technical papers were released on March 25, 2022.
- The 2022-23 Operating and Capital Budget will be presented at the June 29 Board meeting for final approval prior to submission to the Ministry.
- By legislation, school boards are required to balance their budgets by June 30.
- TDSB Trustees and staff work together to create a balanced budget that best supports the achievement and well-being of all students within the funding provided by the province.

2022-23 Budget Timelines

November 2021	December 2021	January 2022	February 2022
<ul style="list-style-type: none"> • Preliminary budget discussions and communications support • System enrolment projection for 2022-23 • Release of Ministry Funding Guide & public consultation survey 	<ul style="list-style-type: none"> • Submit final response to Ministry of Education Budget Consultation • Update on 2020-21 Financial position and reserves • 2021-22 Revised Estimates submitted to the Ministry in mid-December 	<ul style="list-style-type: none"> • Fine tune School-based enrolment projections for 2022-23 • Public consultation on proposed strategic budget drivers from Dec 8 to Jan 31 	<ul style="list-style-type: none"> • Approval of strategic budget drivers • 2022-23 enrolment projections & preliminary financial forecast • Ministry GSN funding announcement • 2021-22 First quarter report • Financial facts report

2022-23 Budget Timelines (cont'd)

March 2022	April 2022	May 2022	June 2022
<ul style="list-style-type: none"> • School-based staffing allocation (Teachers and Support Staff) • Release of 2022-23 GSN technical papers on Mar 25. 	<ul style="list-style-type: none"> • 2021-22 Second quarter report and revised financial projection and reserves status • Preliminary 2022-23 financial projection 	<ul style="list-style-type: none"> • Internal discussions around options to balance the 2022-23 budget • 3 year financial forecast and multi-year deficit recovery plan. • Virtual town hall meetings and public budget information sessions 	<ul style="list-style-type: none"> • Board Approval of Operating and Capital Budget • Submission of 2022-23 Budget to the Ministry by 30th of June

2022-23 Ministry Funding Announcement

- On February 17, 2022, the Ministry of Education announced the 2022-23 Grants for Students Needs (GSN) funding, Capital Funding, and Priorities and Partnership Funding.
- The Supports for Student Fund (also known as Investment in System Priorities funding) that was used for additional staffing supports will continue in 2022-23, and will be used to support student learning needs as outlined in the respective collective agreements for various employee groups. The TDSB will receive \$24.4M of this funding in 2022-23.
- The additional staffing supports from the 2021-22 COVID-19 Learning Recovery funding will continue in 2022-23. The TDSB will receive \$31.5M of this funding in 2022-23.

2022-23 Ministry Funding Announcement (cont'd)

These additional school based staff positions were allocated from the 2022-23 Supports for Student Fund and COVID staffing support funding:

School-Based Staff	Additional positions from Supports for Student Fund (FTE)	Additional positions from COVID-19 Learning Recovery Fund (FTE)
Elementary Teachers	34.5	
Special Education Elementary Teachers	43.5	
Secondary Teachers	36.0	
Secondary Teachers - Guidance		20.0
Vice Principals		37.5
Special Education Support Staff	66.0	35.0
School Office Clerical	23.5	25.0
School Based Safety Monitors		40.0
Lunchroom Supervisors (headcount)		200.0
Caretaking	30.0	78.5

2022-23 Ministry Funding Announcement (cont'd)

- The Recent Immigrant Supplement was introduced in the 2021-22 school year to help maintain ESL supports during the temporary decline in newcomer enrolment. The 2021-22 amount was \$24.7M. TDSB's 2022-23 ESL supports have been maintained at pre-pandemic levels.
- The Ministry is providing an additional investment of \$10M (provincial figure) for student mental health province-wide. Half of this amount will be used for evidence based mental health programs and resources to support student resilience and mental well-being. There will also be an increase of the mental health and well-being base amount and per pupil amount in the GSN.

2022-23 Ministry Funding Announcement (cont'd)

- The announcement included an increase of \$7.4M (provincial figure) to the Special Education Equipment (SEA) per pupil amount to support assistive technology for students with Special Education needs.
- Increase of \$39.9M (provincial figure) in Broadband Network Operations support in the GSN to help support network connectivity, infrastructure and security needs.
- The Ministry is also providing increases in the following non-staff benchmarks:
 - 5.45% for non-staff school operations allocation (includes 2.3% commodity price increases and 3.15% higher cost of running ventilation systems); and
 - Another 2.3% for other non-staff amounts outside of school operations allocation throughout the GSN.

2022-23 Ministry Funding Announcement (cont'd)

- There will be a 2% cost increase to the Student Transportation grant.
- Funding of \$7.9M (provincial figure) to support additional costs of French as a Second Language initiatives.
- A slight funding increase anticipated from a change to the online learning credit load benchmark calculation. The percentage of secondary students taking one course online will be changed from 16% (as announced last year) to 15%.

2022-23 Budget Drivers

At the March 9, 2022 Board meeting, Trustees approved these 2022-23 strategic budget drivers. They help guide the budget development process. While all of the listed budget drivers are of significant importance, they are presented below based on the budget priority ranking gathered from public consultation:

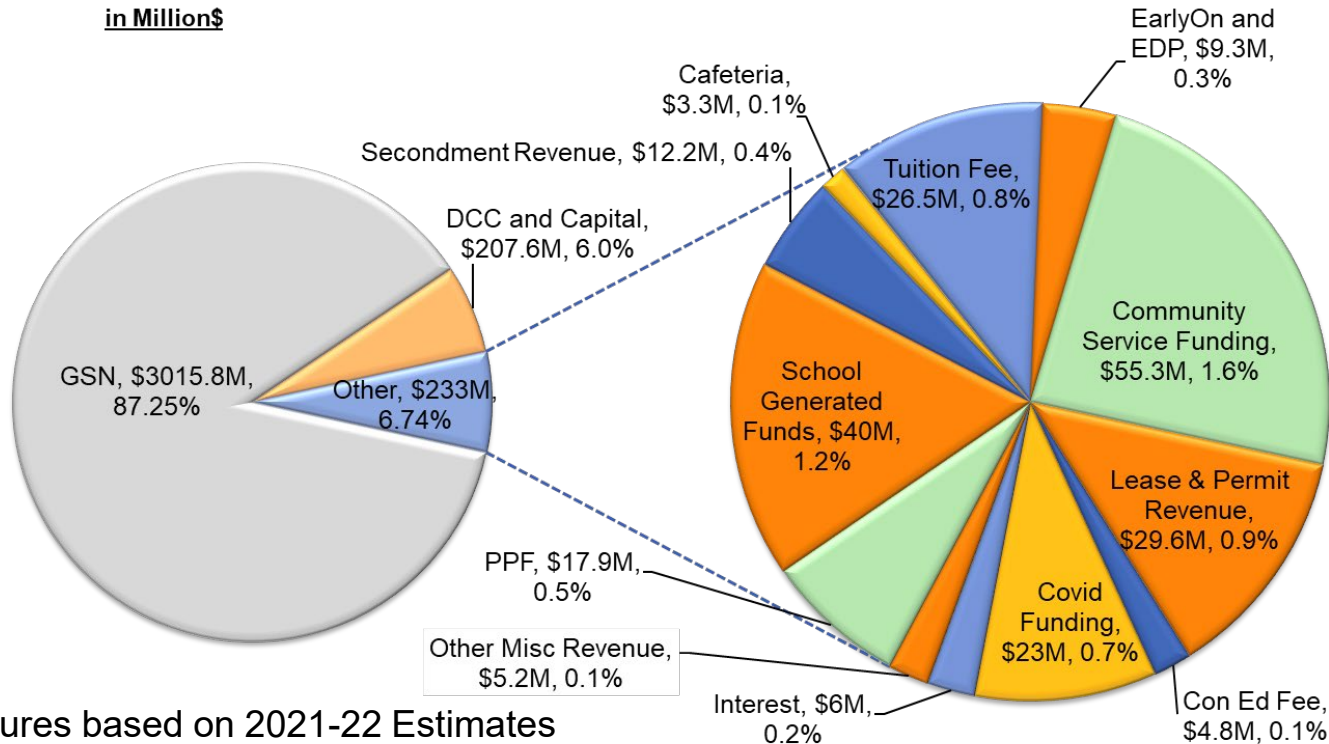
- Mental health and well-being
- Staff allocation to support students
- Equitable access to learning opportunities, including Indigenous Education
- Student success
- Human rights
- Modernization and accessibility
- Pandemic recovery
- Parent engagement and student voice
- Professional development
- Early years

2022-23 Enrolment Projections

Pupils of the Board	Actual 2020-21	Projected 2021-22	Projected 2022-23	21-22 vs. 20-21	22-23 vs. 21-22
JK/SK	31,557	30,566	30,135	(991)	(431)
Grade 1-3	51,688	49,311	47,320	(2,377)	(1,991)
Grade 4-8	84,381	81,889	80,312	(2,492)	(1,577)
Total Elementary	167,626	161,766	157,767	(5,860)	(3,999)
Secondary	68,179	69,087	68,857	907	(230)
Total Day School	235,805	230,853	226,624	(4,953)	(4,229)

Key Components of Education Funding – 21-22 Revenues

in Million\$



TDSB's projected revenues for 2021-22 is around \$3.4 billion

*Figures based on 2021-22 Estimates

Key Budget Components - 2022-23 Expenses

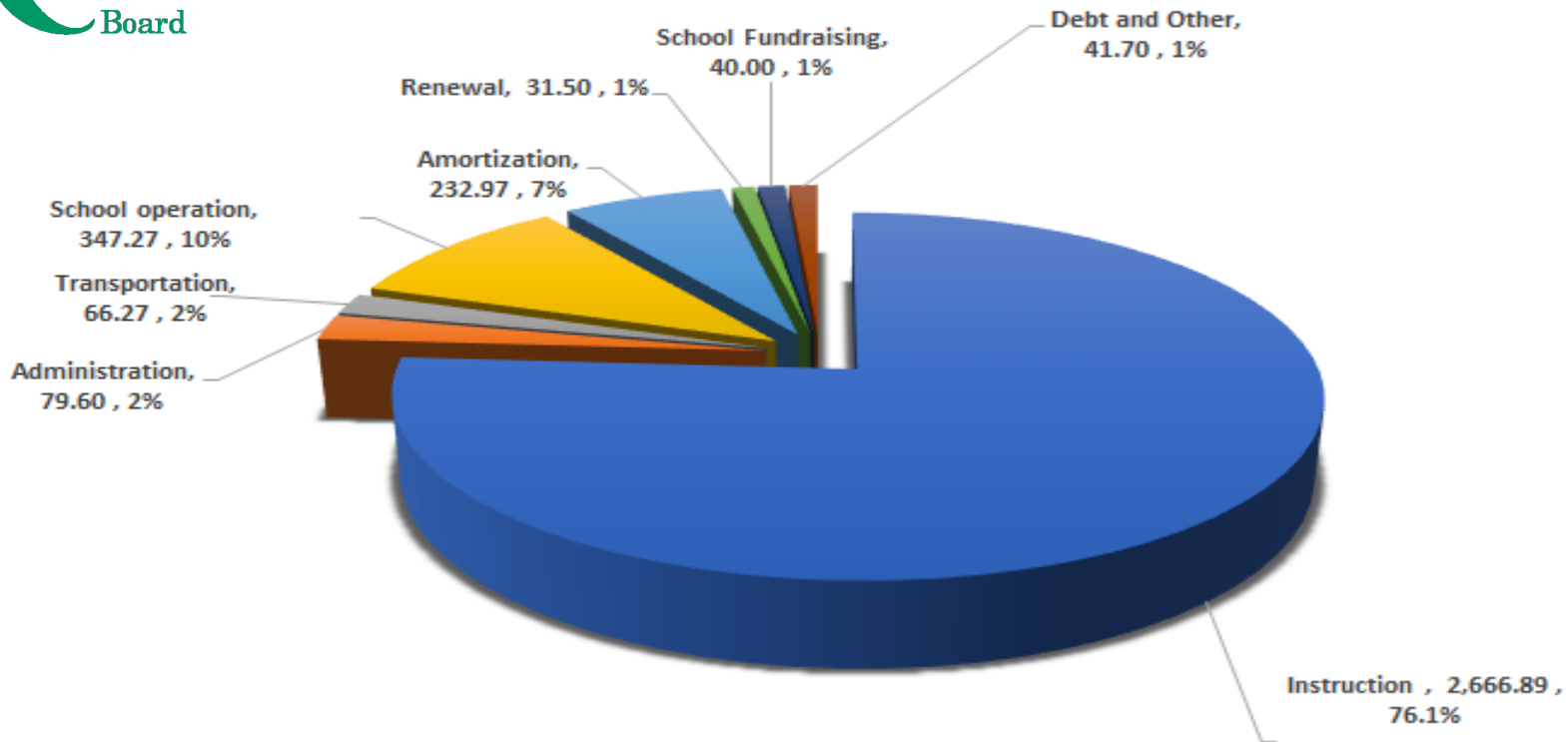
TDSB's 2022-23 expenses are mainly comprised of the following:

- **Instruction** - school-based staffing, administration and other program staff, learning materials, classroom supplies and equipment, staff training.
- **School Operations** - School operations and maintenance
- **Administration** - Central department staffing and operation costs, utilities/maintenance of admin buildings.
- **School Fundraising** - Expenses from utilization of fundraising proceeds.
- **Transportation** - Pupil transportation costs
- **Amortization** - Amortization of TDSB fixed assets.
- **Renewal, Debt and Other** - Expenses such as cost of financing and other miscellaneous costs.



21-22 Estimated Expenditures

In millions



2021-22 Financial Projection

(as of February 28, 2022)

	<u>\$M</u>	<u>%</u>
21-22 Financial Projection as reported at the January 13, 2022 FBEC - Surplus/(Deficit)	(\$65.1)	-2.2%
Revenue changes		
Federal Safe Return to Class Fund- Ventilation Top-up Funding applied to existing costs	1.5	
Decrease in international student tuition revenues	(2.3)	
Decrease in permit revenues	(1.0)	
Total Revenue Changes	(1.8)	
Compensation Expense Changes		
Central Department gapping and temp savings	9.2	
Increase in School based staff costs (net Q&E grant changes and supply teacher savings)	(12.0)	
Total Compensation Changes	(2.8)	
Operational expense changes		
Insurance cost savings	2.7	
Transportation costs savings due to periods of remote learning	2.5	
Net utilities savings due to periods of closures and use of COVID funding	2.2	
Decrease in international student expenses	0.8	
Decrease in aquatic program expenses due to closures	0.8	
Other central department in-year savings	0.9	
Total Operating Expense Changes	9.9	
Changes to financial position	5.3	
Updated 2021-22 Financial Position - Surplus/(Deficit)	(59.8)	-2.1%

2021-22 Projected Working Funds and Unrestricted Reserves Balance

(as of February 28, 2022)

	<u>\$M</u>	<u>%</u>
Updated 2021-22 Financial Position - Surplus/(Deficit)	(59.8)	-2.1%
Working funds and unrestricted reserves balance - September 1, 2021	201.7	
Projected use of working funds	(22.7)	
Projected use of other unrestricted reserves	(37.1)	
Projected working funds and unrestricted reserves balance- Aug 31, 2022	141.9	

Use of Reserves

- Currently the Board is forecasting a 2.1% deficit for the 2021-22 school year and will be utilizing reserves to balance the budget to avoid reducing programs to students during the pandemic. As of August 31, 2021, TDSB has \$22.7M in working funds reserve and \$179.0M in other unrestricted reserves.
- Ministry announced that should school boards utilize reserves over 2% of operating budgets across the 2020-21 and 2021-22 school years. For 2022-23, the Ministry will require school boards to return to the 1% deficit requirement.
- Per Ministry regulation, school boards can only have an in-year deficit equal to lesser of working funds (accumulated surplus in the preceding year) or 1% of its operating budget. If they anticipate an in-year deficit of greater than 1%, they must seek the Ministry's approval.

Budget Challenges

- TDSB has experienced significant enrolment declines since 2020, which have resulted in a significant decrease in GSN revenues.
- Enrolment stabilization funding helped offset enrolment related revenue impact in 2020-21 but this support is no longer available in 2021-22 and 2022-23.
- Forecasting challenges due to the ongoing uncertainty around the COVID-19 pandemic and the availability of Ministry COVID funding.
- Not all operating costs can be adjusted based on enrolment changes. This results in significant budget challenge.
- Ministry funding benchmarks do not fully address annual cost inflations and TDSB's programming and operational funding needs. (e.g. staffing costs, Special Education, utilities costs, etc.)

Budget Challenges: Funding Gaps

- Funding for education is determined through a set of provincial funding costs for the major components of education operations. Provincial funding is determined by establishing average costs of school boards across Ontario. Costs in Toronto are higher, as is reflected throughout this document.
- School boards across the province continue to struggle to support the needs of their students within the Special Education funding model. Provincial funding for Information Technology significantly lags compared to the actual expenses incurred by school boards. This is a serious funding concern if school boards are expected to prepare students to become global citizens. The TDSB 1:1 student device strategy costs the Board \$11M each year and the current Ministry funding does not fully support these costs.

Budget Challenges: Funding Gaps (cont'd)

- To address the budget challenges, the Board uses other revenues and non-designated Ministry funding to offset funding gaps.
- The charts in the next few slides outline GSN grant components that are specific to those expense areas, and the estimated funding gaps in each area without other grants and revenues used as offsets.

For more information, please refer to TDSB's Financial Facts report:

https://www.tdsb.on.ca/Portals/0/docs/21_22Financial_Facts_Final_high_reso.pdf

Budget Challenges: Funding Gaps (cont'd)

Funding Gap School Based	2021-22 Provincial Funding (\$)	TDSB 2021-22 Projected Actuals (\$)	Funding Gap (\$)
Elementary Teachers	1,092,384,912	1,158,245,080	65,860,168
Secondary Teachers	490,567,533	516,392,724	25,825,191
Supply Staff	53,595,571	101,566,558	47,970,987
Early Childhood Educators	67,073,243	71,560,222	4,486,979
Principals & Vice-Principals	110,741,326	137,595,354	26,854,028
School Office Support	60,236,571	73,372,068	13,135,497
School Budget Expenditures	46,639,936	47,042,334	402,398
Total School Based Gap			184,535,249

Budget Challenges: Funding Gaps (cont'd)

Funding Gap	2021-22 Provincial Funding (\$)	TDSB 2021-22 Projected Actuals (\$)	Funding Gap (\$)
Transportation	63,429,857	63,933,079	503,222
Information Technology	14,717,169	68,578,822	53,861,653
Special Education	353,251,225	428,810,430	75,559,205

Other Budget Risks

- Enrolment projection may deviate from actual results, the remaining risk to enrolment is the final count date in March, which has an impact on Grants for Student Needs
- Ongoing funding challenges may lead to reduction or cancellation of board funded programs.
- Should the Board experience ongoing financial challenges, TDSB may not have sufficient reserves to cover these shortfalls.

