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Report No. 04-16-2812

TORONTO DISTRICT SCHOOL BOARD

PROPOSED BUDGET PLAN FOR 2016-2017

TO: Budget and Enrolment Committee

14 April 2016

RECOMMENDATION **IT IS RECOMMENDED that the Board approve the proposed balanced operating budget for the 2016-2017 school year, as outlined in this report.**

STRATEGIC DIRECTION

- Every decision we make and action we take must and will support students.

BACKGROUND

The process for determining the 2016-2017 operating budget started in October 2015. Initially, our projected deficit was identified within a range of \$11M to \$14M. A survey was issued to school administrators and senior team. The survey was also made available to the public on the Board's website. This report takes into account the survey results from Principals and senior staff which were received earlier in the process.

On 10 March 2016, the Ministry informed school boards that they would be announcing the 2016-2017 Grants for Student Needs (GSNs) on 24 March 2016. The GSN release will provide school boards with updates/changes to provincial funding formula as well as information on projected individual school board funding based on estimates prepared by the Ministry. On 8 April 2016, school boards were provided access to the detailed templates to calculate their individual funding amounts for 2016-2017 based on their board detailed information.

CONTEXT

Section 231(2) 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. Typically, the process begins by establishing a set of guiding principles and confirming system directions. This year, the Board approved a set of guiding principles and system directions presented by the Director that have informed the 2016-2017 proposed budget.

In particular, the proposed budget assumes the creation of collaborative learning centres that will strengthen coherence within the system. There will be a smaller number of central leadership

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positions to serve our schools more effectively. Human and material resources such as special education, teaching and learning, and central service functions will be closer to schools to minimize bureaucracy and strengthen responsiveness to students. Appropriate intervention strategies will be developed for students that are not meeting the system expectation of reading by the end of Grade 1, and there will be a renewed focus on mathematics to improve outcomes.

BUDGET ASSUMPTIONS

The budget for 2016-2017 is based on the following assumptions:

Enrolment

The Board's enrolment projection is the most significant variable because enrolment drives total Board revenues and is used to determine school-based staffing. If there are significant differences between projected and actual enrolment, changes to central staffing and school-based staffing will likely be required.

Historically, the system-wide enrolment projections have been reasonably accurate, although school-by-school enrolment projections can fluctuate considerably.

As noted in Appendix A, projected enrolment for 2016-2017 is down 3,978 students over last year's budget projection. Planning staff identified a number of reasons for the enrolment reduction, including demographic changes in the city's population, the migration of young families out of Toronto because of housing costs and reduced birth rates generally. In addition, there were enrolment reductions related to implementation of the new provincial health and physical education curriculum, however, outreach efforts at these schools helped to recover some of the initial reduction. While we continue to be diligent in examining the enrolment losses, it is not at this time possible to categorically state with confidence the actual enrolment losses caused by each of the above factors. Looking forward, Planning staff believe that elementary enrolment is stabilizing in 2016-2017, and that the rate of reduction in the secondary panel is less than previous years.

Grant Assumptions

The preliminary budget was developed in anticipation of the following grant reductions that were previously announced and have been phased in over a number of years as noted in the comments below.

Grant	Amount	Comments
Special Education	\$4.1M	Third year of a four year phase-in of change to High Needs allocation
Facilities Operations	\$8.7M	Second year of a three year phase-in of changes to Top-up funding to school boards
Administration and Governance	\$0.4M	Third year of a four year phase-in on the change in method calculation of allocation

Inflation

Inflation assumptions in the budget for utilities and payroll taxes account for \$5.0M. Staff monitor commodity prices daily and are positioned to lock-in when favourable conditions warrant.

The announcement of the Provincial budget included an increase on natural gas through a cap and trade taxation policy. The impact for 2016-2017 is \$1.5M which has been included in the budget. The GSNs provided approximately \$2.8M for both utility and non-staffing inflation adjustment to the School Operations allocation. Additional cost pressures could develop if actual fuel and utility prices in 2016-2017 outpace opportunities to mitigate costs through market hedging, conservation efforts and any funding adjustments provided by the Ministry.

Labour Settlements

In the original forecast provided to Trustees, staff assumed that provincially negotiated wage increases would be offset by additional funding. Based on the GSN template released on 8 April 2016 it appears that the negotiated labour settlements have been completely funded.

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FORECASTED FINANCIAL POSITION

Appendix B outlines the revenues and expenditures changes that make up the current financial position of the Board for 2016-2017. The revised projected deficit including necessary expenditures outlined in the Summary of Business Cases in Appendix C is approximately \$21.0M.

A Business Case model was introduced this budget year in order to identify system priorities that are not automatically funded in the annual budget. All Business Cases that were submitted were reviewed by senior staff and only those Business Cases that have a direct impact on student programs were included in the proposed 2016-2017 budget.

Items 1 to 6 in Appendix C were budgeted in past years from different budget areas. The funding for these initiatives will be realigned to the appropriate program in the proposed 2016-2017 budget. Items 7, 8 and 9 require new funding to ensure these programs can continue. The balance of the business cases (Items 10 to 20) will be considered should additional funding become available.

Outstanding Pay Equity Issues

Staff continue to negotiate pay equity with some unions. Any ongoing cost pressures resulting from these discussions will likely require the budget to be revisited.

In-Year Savings

The budget proposal for 2016-2017 includes a further \$5.8M of savings to be found. Staff will continue to review operational expenditures to look for efficiencies.

It is important to note that the proposed budget does not include a contingency for unanticipated events. In order to build a contingency, further operational savings will need to be found.

PRELIMINARY SAVINGS IDENTIFIED FOR 2016-2017

Appendix D identifies a number of central department reductions for 2016-2017 totalling \$15.2M. A further \$5.8M will need to be found to fully balance the budget.

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- APPENDICES**
- Appendix A: Enrolment Projections
 - Appendix B: 2016-2017 Projected Budget Estimate
 - Appendix C: Summary of Business Cases
 - Appendix D: Preliminary Savings Identified for 2016-2017

FROM For further information, please contact Carla Kisko, Associate Director, Finance & Operations, at 416-397-3188 or e-mail at carla.kisko@tdsb.on.ca and Craig Snider, Comptroller Budget, Revenue and Financial Planning, at 416-395-8469 or e-mail at craig.snider@tdsb.on.ca.

APPENDIX A

Enrolment Projections						
		2015-16 Estimate	2015-16 Revised Estimate	15-16 Est vs 15- 16 Revised Estimate	16-17 Estimates	2016-17 Estimate vs 2015-16 Estimate
Elementary						
	JK	17,676.5	17,080.2	(596.3)	17,386.0	(290.5)
	SK	18,458.5	18,047.2	(411.3)	17,738.5	(720.0)
	Grades 1 to 3	54,204.0	53,394.8	(809.2)	52,756.5	(1,447.5)
	Grades 4 to 8	81,665.0	80,896.6	(768.4)	81,461.5	(203.5)
	Total Day School ADE	172,004.0	169,418.7	(2,585.3)	169,342.5	(2,661.5)
	Visa Student	131.0	169.0	38.0	169.0	38.0
	Total ADE Enrolment	172,135.0	169,587.7	(2,547.3)	169,511.5	(2,623.5)
Secondary						
	Day School	71,165.9	71,455.7	289.8	69,971.1	(1,194.8)
	Independent Study	98.0	85.9	(12.1)	85.9	(12.1)
	Total Day School ADE	71,263.9	71,541.6	277.7	70,057.0	(1,206.9)
	Visa Student	1,251.0	1,233.0	(18.0)	1,233.0	(18.0)
	High Credit Students	403.4	274.9	(128.5)	274.9	(128.5)
	Pupils over 21	119.0	115.6	(3.4)	118.0	(1.0)
	Total ADE enrolment	73,037.3	73,165.1	127.8	71,682.9	(1,354.4)
	Total Enrolment	245,172.3	242,752.8	(2,419.5)	241,194.4	(3,977.9)

Toronto District School Board
2016-17 Projected Budget
(in Millions)

	March 22 Report	GSN Template	Total Change	Comments on Changes to Original Projection
Grant Changes (Increase/(Decrease))				
GSN change due to enrolment reduction and Teacher's Q&E	\$(21.0)	\$(1.1)	\$(22.1)	Net change in Teacher Q&E allocation & costs
High Needs Allocation reduction due to new funding model	(3.0)	(1.1)	(4.1)	Year three phase in amount of High Needs amount
Top up grant year two reduction	(8.7)		(8.7)	
Administration and Governance Grant reduction	(0.4)		(0.4)	
Transportation inflation adjustment	0.4		0.4	
School Operation Grant change due to inflation	0.6	0.9	1.5	Increase in funding of non-staffing inflation costs including Utilities
Electrical benchmark increase	1.5	(0.2)	1.3	Net funding for electricity costs
School Foundation Grant		(0.6)	(0.6)	Resulting from updated school by school enrolments
Total Grant Changes (Increase/(Decrease))	\$(30.6)	\$(2.1)	\$(32.7)	
Cost Changes (Increase/(Decrease))				
Staffing cost reduction due to enrolment approved by Board March 9th	\$(16.7)		\$(16.7)	
Salary increase not fully funded by Ministry of Education	0.5	(0.5)	-	Labour settlements fully funded
OMERS and Payroll tax increase	1.5		1.5	
Utility increase	3.5		3.5	
Transportation contract cost increase	4.3		4.3	
Supply Teacher and SEB		3.0	3.0	Projected increase in costs based on 15-16 experience
Principal and Vice Principal replacements		0.6		Projected increase in costs based on 15-16 experience
Reduction in annual Access Copyright fees	(0.6)		(0.6)	
Anticipated insurance premium reduction	(1.0)		(1.0)	
Reduction to Future Employee Benefit requirement per actuarial projection	(2.5)		(2.5)	
Expected cost saving due to disability case management implementation	(1.0)		(1.0)	
Business Cases			-	
Student census data project (budgeted every 4 years)	0.3		0.3	
Equipment budget for technological education programs	0.5		0.5	
Operating costs at 3 former city funded pools	0.4		0.4	
Total Cost Changes (Increase/(Decrease))	\$(10.8)	\$3.1	\$(7.7)	
Accumulative Surplus	\$4.0		\$4.0	
Projected Financial Position	\$(15.8)	\$(5.2)	\$(21.0)	

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Business Cases Summary

Item #	Department	Project Name	Purpose	Ongoing / one time request	2016-17 Budget Impact	Future Considerations (projected 1st year cost)
1	Early Years Learning & Care	Translation of Kindergarten Registration & Marketing Materials	Resources to be used during the registration process annually to a) inform parents/guardians and b) market Kindergarten Programs at the school-level. Documents are revised and developed in alignment with the new legislation related to Full-Day Kindergarten and the corresponding (DRAFT) Full-Kindergarten Program, 2009. Resources are being updated as required to improve communication with families.	Ongoing	No change from 2015-2016	
2	Early Years Learning & Care	Pre-Kindergarten & Kindergarten Summer Program	The intent of the pilot program was: - to enhance the transition of Pre-Kindergarten students, -to help students see themselves reflected in the curriculum and experience success as learners -to support the students and their parents/ guardians to be actively engaged so that the students could experience success as learners.	Ongoing	No change from 2015-2016	
3	Early Years Learning & Care	Request for Budget Adjustment Due to Loss of Grant Funding	This funding is used to support professional learning of Kindergarten Teams, Grade 1 and 2 Teachers, Principals and Child Care Educators. It is also used to develop resources as appropriate and requested	Ongoing	No change from 2015-2016	
4	Nutrition Service	Commercial Appliances / Replace the aging equipment	To replace aging equipment. This would allow us to be more energy efficient. This would also assist with offering a wider selection of items for students to purchase. And would therefore help with customer retention.	one time	No change from 2015-2016	
5	Model School Inner City	The Earlier year learning with Ipad	This initiative is aimed at students in the primary grades in order to mitigate against the digital divide in TDSB schools. As part of a commitment to closing opportunity gaps, our youngest students will have access to current digital technologies	4 year program starting 14-15	No change from 2015-2016	
6	Student Support Services	Young Women on the Move (YWM)	Young Women on the Move (YWM) was started in the 2009-10 school year and continues to support thousands of girls each year. This initiative is aimed at girls in Grades 3 to 12, and builds on existing mentorship programs within schools to develop a socially conscious network of young women and mentors	Ongoing	Budget includes additional \$25K	
7	Policy, Research and Information Services	2016-17 Student and Parent Census	student demographic and social environment data (which can be linked to the Board's central data sources such as student achievement data) in order to assist the Board to: • identify systemic barriers to student achievement and implement changes to remove those barriers; • develop policies and strategies to close the achievement gap between groups of students; • allocate resources to support students in need; • develop programs and services for students who need specific interventions and support; • assess the effectiveness of programs established to address specific student needs; and • establish a baseline of data to measure system improvements in the educational outcomes for all students.	Every 4 years	\$ 300,000.00	
8	Teaching and Learning	Funding for the Repair and Renewal of Capital Equipment for Technological Education programs in secondary schools.	To provide funding for the repair and/or replacement of capital equipment like auto hoists, etc. in partnership with Facility Services and Student Success/L18.	Ongoing for 3 Years	\$ 500,000.00	
9	Facility Services	Continuation of the operation of 3 school pools subsequent to City of Toronto withdrawing use of the pools for its recreational programming.	The City of Toronto presently utilizes 33 TDSB pools for the operation of its recreational programming. In return the City pays the TDSB a fixed annual revenue for the use of its pools. The City uses the pools during non-school hours to run its programming. During school hours, the school in which the pool is located has exclusive use of the pool. Effective September 1, 2016 the City has given the TDSB notice that it plans to not utilize the pools at Brown JR Public School, Bendale BTI and Sir Wilfred Laurier CI. In order to ensure continuation of school programs at these 3 pool locations, the budget includes \$400,000 in the Facility Services budget for 2016-2017. This budget does not include after school hour usage of the pools. Funding of these pools in future years as well as all other city run pools in school would have to be considered in the context of city pool agreement which comes due in July 2017.	Ongoing	\$ 400,000.00	

Business Cases Summary (cont.)

10	Finance	Vendor Portal	The availability of a web-based vendor portal will provide a self-serve option for vendors. The portal will allow vendors to log in to check the status of their invoices.	Initial instalment 50K and ongoing annual license \$10K		\$ 50,000.00
11	Finance	KEV – Module for on-line donations and issuance of tax receipts, and HST Rebate for Non-Board funds/reconciliation for credit card sales	Ability for KEV software to allow on-line charitable donations and the issuance of tax receipts, and resource to capture the HST rebate for non-board funds recorded through KEV, and KEV reconciliation process for credit card sales. Possible partial cost recovery from the HST rebate generated from the process	Ongoing		\$ 114,000.00
12	Finance	Performance Analytics software	Performance analytics will provide reporting on an extensive list of variables and Key performance indicators (KPI) can maximize efficiencies in accounts payable	Initial instalment \$60K and ongoing annual license fee of \$11.6K		\$ 60,000.00
13	Information Technology Services	Data Centre Infrastructure Management (DCIM) Deployment	To provide capability for automated fault detection, monitoring of energy consumption and operation of mechanical systems in the TDSB Data Centre at 150 Borough Drive as part of the modernization of IT Infrastructure initiative	One time start up		\$ 1,200,000.00
14	Information Technology Services	Local Area Network Backbone Cabling Upgrade	Due to the size of many secondary school buildings, multiple hub rooms are required in order to connect classrooms and business offices both wired computers and wireless access points. The backbone connectivity in many cases are becoming obsolete and require either upgrade or replacement.	One time start up		\$ 750,000.00
15	Information Technology Services	Implementation of an IT Service Management (ITSM) Solution	TDSB is taking this opportunity to fairly compare industry leading ITSM products and select a vendor most capable of delivering on TDSB's requirements. The goal of the new solution is to: <ul style="list-style-type: none"> • Improve IT Service quality and delivery • Reduce costs of maintaining multiple ITSM solutions • Improve interdepartmental processes within IT Services TDSB is looking to evaluate an out-of-the box ITSM Solution; either cloud-based or on premise. The selected ITSM solution will be implemented within the TDSB infrastructure based on best practices.	one time		\$ 1,500,000.00
16	Information Technology Services	Voice over IP (VoIP) Project Continuation	The VoIP implementation project commenced in 2015 and is on-going. The continuation of this project will require on-going funding for the purchase of VoIP hardware (IP Telephone handsets) and support equipment as well as maintenance services.	Ongoing 3 year implementation		\$ 2,500,000.00
17	Information Technology Services	On-Going Wi-Fi Implementation Project	The system-wide Wi-Fi implementation was launched in 2014 to centrally fund a network coverage ratio of 50:1 student to Wireless Access Point. Although this part of the project is being completed on March 31, some schools will require expansion of Wi-Fi AP installation beyond 50:1 due to the size of the school building. Some schools have reported signal coverage and strength issues.	Ongoing 3 year implementation		\$ 575,000.00
18	Teaching and Learning	Ontario Science Centre Partnership Fee	The partnership with the OSC allows for a strong enrichment opportunity with a Toronto established institution and represents a long standing and important community partnership	ongoing		\$ 100,000.00
19	Spec Ed	Gifted screen process proposal	To introduce an equitable Toronto District School Board (TDSB) process for identifying students with a profile of gifted that, first, reflects current thinking in the gifted field about the nature of giftedness and second, is consistent with the practices of other boards in Ontario	Start up cost 120K and annual admin cost 80K		\$ 80,000.00
20	Policy, Research and Information Services	Parent Portal	The parent portal will allow K-12 parents and guardians to track their child/children's academic process, view attendance, school calendars and further communications with their child's teacher.	Ongoing with one-time implementation costs		\$ 1,400,000
		Subtotal			\$ 1,200,000	\$ 8,329,000

APPENDIX D

Preliminary Savings Identified for 2016-2017

Item	Description	Savings
	2016-17 projected budget shortfall:	\$21.0M
Copyright:	<p>On 16 February 2016 the copyright Commission of Canada ruled on copyright fees for the years 2010-2015. Staff have been setting aside funds to address the request from the Consortium of School Boards of Canada at the original rate structure.</p> <p>The Copyright Commission ruled a lower rate than anticipated and as a result the reserve available for a one-time contribution to the operating deficit is approximately \$2.9M.</p>	(\$2.9M)
Transportation	Staff and the Transportation Consortium are currently reviewing the impacts of co-ordinated bell times to improve route efficiencies. A report on this will come to Committee later in the spring. It is anticipated that among the two Boards, savings of \$750,000 can be achieved. Estimated savings to the Toronto District School Board is about \$0.5M.	(\$0.5M)
Central Department Savings:	<p>To date staff have identified the following savings from Central Departments:</p> <ul style="list-style-type: none"> • Facility Services: \$1.3M (savings from staff reorganizations and central discretionary budgets) • Information Technology Services (ITS): \$2M (better rates negotiated for service contracts and reductions to central ITS administration budgets). • Other Central Department Budget Reduction totaling \$1.0M: (a 5% reduction in central department discretionary budgets). • Restructuring and repurposing of central teaching staff and positions to create a more efficient service model which provides services closer to schools totaling \$2.5M. The reduction would be absorbed through attrition. 	(\$6.8M)
Capitalization of Major Maintenance	The Ministry of Education announced School Condition Improvement funding for 2016-2017 for the Toronto District School Board of \$123M, an increase of \$11M. This funding supports both major maintenance and renewal projects.	(5.0M)
	Identified savings as of 4 March 2016:	(\$15.2M)
	In-year savings to be found:	\$5.8M

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