



## **Update of Financial Forecast for 2019-20 and Impacts of COVID-19**

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

**Date:** 13 May, 2020

**Report No.:** 05-20-3891

### **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 Update of Financial Forecast for 2019-20 and Impacts of COVID-19 be received.

### **Context**

This report provides an update to trustees on the financial impacts of COVID-19 on TDSB's budget. In particular, the report outlines the impact of the extension of the announced closure to May 31<sup>st</sup> and provide forecasts should the shutdown extend to the balance of the school year. This report also provides initial information about new details and considerations being reviewed by staff for developing the 2020-21 budget as a result of COVID-19.

On April 20, 2020 the staff presented the second quarter report for the 2019-20 year. Appendix A provides a copy of the financial projection presented in the report. The projected operating deficit was reported as \$28.2M offset by working funds and leaving a small working fund balance of \$1.1M at year end.

Since that forecast the Ministry has announced the extension of school closure to May 31<sup>st</sup>. As a result staff have revised the forecasted financial position of the Board based on three scenarios as outlined below:

- School closure until May 31<sup>st</sup>.
- School closure until June 30<sup>th</sup>
- System closure until August 31<sup>st</sup>.

The chart below provides the projected financial position of the Board under each scenario, using the best information available. Included in each scenario is both the in-year financial position of the Board as well as the projected balance of the Working Fund at the end of the year.

Forecasted Financial Position Scenarios  
(millions)

Item	2nd Quarter Report	Closure to May 31	Closure to June 30	Closure to August 31st	Comments
Second Quarter Operating Deficit	(31.2)	(31.2)	(31.2)	(31.2)	Prior to COVID 19 expenses
<b>COVID 19 Impacts</b>					
Distribution Centre	(0.4)	(0.4)	(0.4)	(0.4)	Less distribution of materials during shutdown
Facilities revenue reduction	(2.6)	(4.7)	(6.3)	(11.5)	Including permit, park and rec revenue, Non Operating site revenue child care revenue etc.
Utility Savings	3.0	4.6	5.8	9.0	Utility savings due to closure
Facilities Operating Savings	3.6	5.8	6.9	9.7	Including savings on O/T, maintenance material, and other operating expense
Cafeteria Services	(0.4)	(0.8)	(1.2)	(1.2)	Cafeteria revenue loss due to school closure
Transportation Savings	1.1	2.2	3.3	3.3	Savings as a result of fuel costs not being paid
Technology purchases/leases	(1.3)	(5.3)	(5.3)	(5.3)	Purchase of Chromebooks, lease of Ipads and assorted costs
Daily Supply Cost		7.5	12.5	14.5	Reduced replacement staff due to shutdown
EDP and EarlyON funding		(1.3)	(1.8)	(1.8)	Loss of fee and service revenues
<b>Net impact of COVID 19 on operations</b>	<b>3.0</b>	<b>7.6</b>	<b>13.5</b>	<b>16.3</b>	
<b>Net Operating deficit</b>	<b>(28.2)</b>	<b>(23.6)</b>	<b>(17.7)</b>	<b>(14.9)</b>	
Working Funds - Beginning Balance	29.3	29.3	29.3	29.3	
Working Fund - Ending Balance	1.1	5.7	11.6	14.4	

Note: Amounts shown in May, June and August are cumulative amounts

Staff will continue to monitor and update the forecasts as additional information becomes available.

### Considerations for 2020-21 Budget

Although the Grants for Student Needs (GSN) have not yet been released, staff continue to work on developing the 2020-21 budget using known and anticipated information, including the consideration of pressures related to COVID-19. Some of the items staff are considering are:

- Impact of collective agreements
- Transitional supports for students and staff when school re-opens to ensure student achievement and well-being of both staff and students
- Operational requirements post COVID 19 such as caretaking, student supervision, and transportation

More details regarding any proposed budget adjustments related to the areas above will be provided as part of the 2020-21 budget report.

### **Action Plan and Associated Timeline**

Provide updates to financial forecast as additional information becomes available.

### **Resource Implications**

N/A

### **Communications Considerations**

This report will be posted on the Board budget website.

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

N/A

### **Appendices**

- Appendix A: Second Quarter Forecast

### **From**

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2019-20 projected Financial Position and Working Fund Balance as of Feb 28th (\$ Millions)			
Type	Description	Budget	Comments
		\$	
<b>Budgeted In-Year Operating Result - Surplus/(Deficit)</b>		<b>(27.4)</b>	1st Quarter projected operating deficit
<b>Grant Changes</b>			
	Prior year Spec Ed Table amount reduction	<b>(0.5)</b>	TDSB portion of Ministry adjustment of High needs amount based on 18-19 actual at provincial level
<b>Labour Expenses</b>			
	Central severance cost	<b>(1.1)</b>	Severance cost not budgeted
	Staffing variances	0.2	Administration and Facilities department variances
<b>Operating Revenues and Expenses</b>			
	International student revenue reduction	<b>(1.4)</b>	International student revenue is lower than anticipated
	Interest Income	<b>(2.5)</b>	Interest income expected to be lower due to Feds cuts the overnight rate
	Utilities Savings	1.5	Due to favourable pricing on natural gas
	<b>Subtotal Operations</b>	<b>(3.8)</b>	
<b>Revised Operating Deficit prior to COVID 19</b>		<b>(31.2)</b>	
<b>Covid-19 impact</b>			
<b>(up to April)</b>	Distribution center business interruption	<b>(0.4)</b>	Less chargeable distribution work
	Facility revenue reduction (Mar-April)	<b>(2.6)</b>	Including permit, park and rec revenue, Non Operating site revenue child care revenue etc.
	Utility savings (March-April)	3.0	Utility savings due to closure
	Facility operating savings due to school closure	3.6	Including savings on O/T, maintenance material, and other operating expense
	Nutrition services net loss	<b>(0.4)</b>	Nutrition services not loss due to school closure
	Transportation cost savings	1.1	Estimated savings from transportation contract up to April
	Other known cost pressure due to Covid-19	<b>(1.3)</b>	Mainly Ipad lease cost for students
	<b>Subtotal</b>	<b>\$ 3.0</b>	
<b>Variances to Budget total</b>		<b>(0.8)</b>	
<b>Actual in - Year Operating Result</b>		<b>(28.2)</b>	
<b>Prior Year Working Fund Balance</b>		<b>29.3</b>	
<b>Working Fund Balance as at Aug 31 2020</b>		<b>1.1</b>	
<b>Note: there are still 9.2M in year savings build in the projection.</b>			