

2024-25 TDSB Budget Town Halls

Tuesday, February 20, 2024 – 7 p.m.

Wednesday, February 21, 2024 – 1:30 p.m.

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 peoples.



Welcome and Introductions

Stacey Zucker

Associate Director, Modernization and Strategic Resource Alignment

Craig Snider

Executive Officer, Finance

Ryan Bird

Executive Officer, Government, Public and Community Relations



Agenda

- Land Acknowledgement
- Welcome and Introductions
- Ministry of Education Regulations – Balanced Budget Requirement
- Budget Timelines
- Board's Operating Deficit
- Grant for Student Needs (GSN)
- Board's Expenditures
- Potential Areas of Focus
- Questions

Balancing the 2024-25 Budget

- Boards are required to submit a balanced budget per section 231 of the Education Act:
- Under the regulation, the Board can have a deficit of 1% (up to max of reserve balance*) without requiring permission from the Ministry. 1% is approximately \$30.1 million; however, the reserve balance is estimated to be approximately \$14 million.

	Balance at August 31, 2023	Projected Use of Reserves in 2023-24	Estimated Reserve Balance to Start the 2024-25 Year
Working Fund Reserve	-		-
Benefit Funds on Deposit	9.4	- 9.0	0.4
School Budget Carryforward	16.0	- 6.3	9.7
Environmental Legacy/Artificial Turf Funds	3.7		3.7
	29.1	- 15.3	13.8



Balancing the 2024-25 Budget

- The Board had a 1.4% deficit in 2022-23 and required approval from the Ministry for the deficit:
 - As part of the approval, the Board provided a 3 year deficit recovery plan
 - 2024-25 is year 3 of the 3 year plan
 - **The plan committed to a \$8.2 million surplus in 2024-25**
- Staff is working towards presenting a balanced budget for 2024-25
 - This year, TDSB will be approving a budget before the release of the GSN.
 - This requires the Board to make assumptions related to the grants.
 - The Board believes this will allow decisions to be made based on student needs.



Updated Operating Budget Schedule

February 14: Regular Finance, Budget and Enrolment Committee (FBEC) Meeting

February 20 and 21: Webinars and Budget Survey will be shared during week of February 20.

March 4: Special FBEC Meeting - School Based Staffing, Feedback from Information Sessions and Financial Facts

March 19: Special FBEC Meeting - Detailed Options to Balance to be presented to FBEC

March 26: Special FBEC Meeting - Reserved for Delegations Related to the 2024-25 Operating Budget

March 27: Regular FBEC Meeting - Recommendation to Board on Operating Budget 24-25

April 2: Regular Board Meeting - Approval of 2024-25 Budget



TDSB Financial Position



Structural Deficit

- The Board currently has a structural deficit
- The Board spends more than it receives in funding each year
- There are a number of areas where the structural deficit is not within the control of the Board including:
 - Statutory benefits (CPP and EI) rates have increased over the last 6 years without a corresponding increase in funding
 - Replacement costs for absences have continued to increase since the change to the central agreements related to sick leave
 - The school closure moratorium prevents the Board from closing schools with excess capacity. This impacts operating costs and renewal/maintenance costs

Structural Deficit

- The Board also spends more than it receives funding for in a number of areas based on past practices and priorities, including (but not limited to):
 - Special Education
 - Continuing Education
 - Outdoor Education
 - Pools
 - Lunchroom Supervision
 - Student Nutrition
 - School Based Safety Monitors
- Further information is available in the Financial Facts document, available at www.tdsb.on.ca/budget.

2024-25 Projected Financial Position

On January 29, 2024, a report was presented to the Board's Finance, Budget and Enrolment Committee (FBEC) that showed a projected deficit of **\$34.8 million**.

This includes the continuation of the use of Proceeds of Disposition (POD). Should Ministry approval not be provided, the deficit would increase to \$50.6M



Revenue



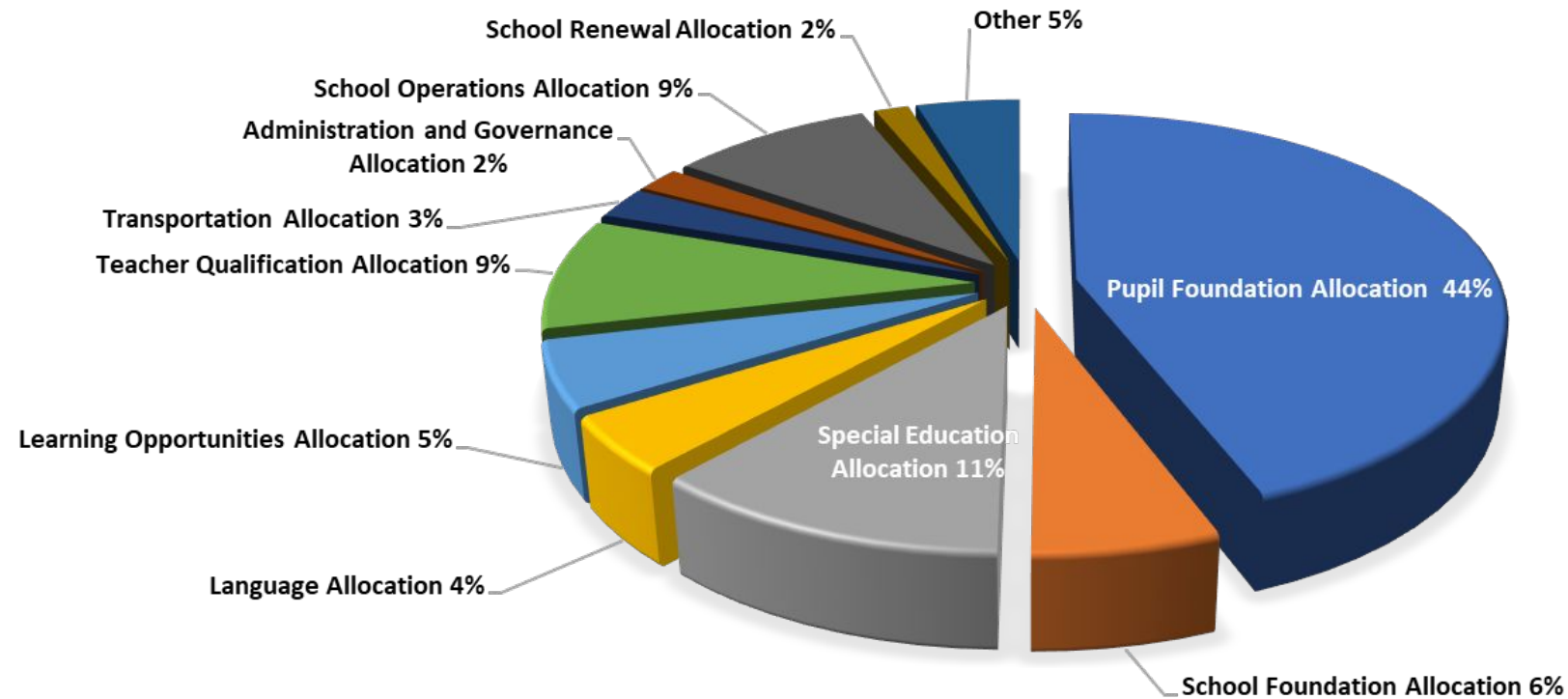
Grants for Student Needs (GSN)

- The majority of funding for school boards comes from the GSN
- The GSN is mostly dependant on enrolment
- Each year, the Ministry releases the GSN in March/April and the Board calculates the estimated revenue for the next year based on projected enrolment
- The GSN for 2024-25 is projected to be **\$3.1 billion** based on the prior year's grant.



2023-24 Grants for Student Needs (GSN)

2023-24 GSN Revenue



Assumptions

- Total projected enrolment increase:
 - Elementary 324.0 Average Daily Enrolment (ADE)
 - Secondary 1,099.5 ADE
- Projected enrolment increase for English as a Second Language (ESL) grant
 - Elementary 4,223.0 Students
 - Secondary 1,979.0 Students
- The 2024-25 benchmarks remain the same as 2023-24



Priorities and Partnerships Funding (PPF)

- PPF funding is supplemental to the GSN and provides time-limited funding which is reviewed and assessed by the Ministry each year
- The Ministry usually provides an agreement with the Board that outlines how the funds must be spent.



Other Revenue

- The final component of revenue for TDSB includes (but not limited to):
 - Permit revenue
 - Lease revenue
 - Interest revenue
 - International student fees
- During COVID, a number of these grants decreased due to limitations and restrictions that were in place.
- Revenue has started to increase again to pre-pandemic levels.



Expenditures



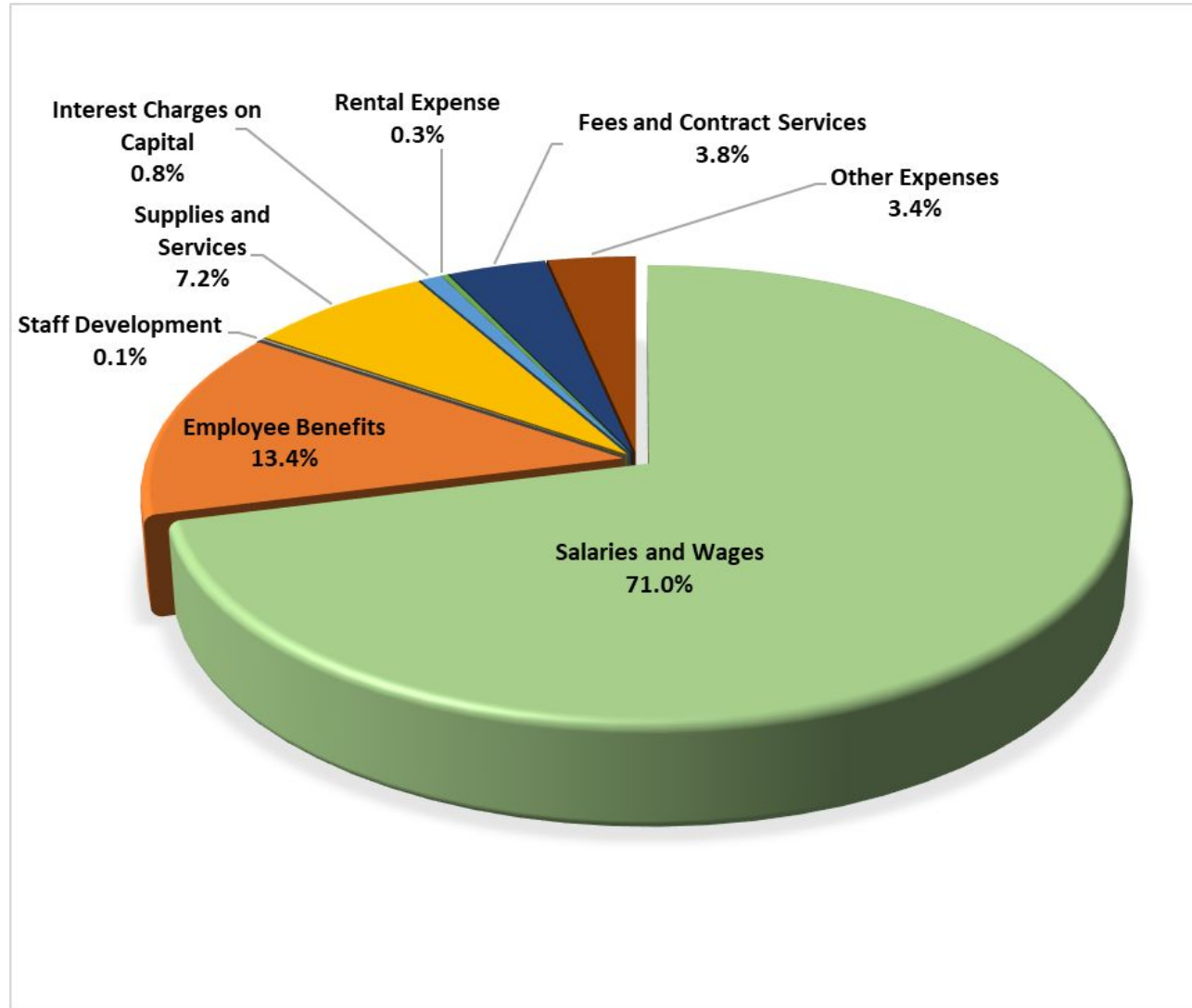
Total Estimated Expenditures

There are very few expenditures that are truly discretionary and do not directly support students. Total projected expenditures for 2024-25 are estimated at **\$3.7 billion**.

- Instructional Expenditures – 74.5%
- Building Operations and Building Renewal – 21.0%
- Transportation – 2.0%
- Administration – 2.5%



2023-24 Estimated Expenditures



Salaries and Wages

- Salaries, wages and benefits represent the largest portion of the Board's expenditures.
- As enrolment increases, the number of classroom teachers required increases due to class size regulations.
- Increases in salaries are provided based on collective agreements.



Benefit Cost Pressures

- The GSN did not provide a corresponding increase for benefit increases over the last 6 years
- If this continues, the projected incremental unfunded benefit costs from 2018-19 to 2024-25 are as follows:

Benefit	Incremental Costs
Long Term Disability (LTD)	\$14.6 M
Workplace Safety Insurance Board (WSIB)	\$(1.7) M
Canada Pension Plan (CPP)	\$33.4 M
Employment Insurance	\$1.8 M
Total	\$48.0 M

Replacement Costs for Employee Absences

- There is no anticipated increase in GSN for replacement costs (costs associated with hiring school-based supply/occasional staff) for employee absences.
- Based on historical costs, the budgeted supply costs are expected to increase by \$8.5 million in 2024-25.
- The TDSB is projected to spend approximately \$13.5 million over the 2018-19 pre-pandemic supply cost.

Transportation

- The Board undertook a competitive procurement process for school bus services in 2022-23.
- The new agreement begins on September 1, 2024.
- The increase in transportation costs is approximately 16%.



Other Expenses

- Expenses continue to increase year over year due to inflation and contractual obligations.
- Over the past number of years, the increase in grants has not kept up with the inflation rate.



Potential Areas of Focus to Balance the 2024-25 Budget



Potential Areas of Focus to Balance the 2024-25 Budget

Continuing Education

- The Continuing Education includes department offers programs that include International Languages Elementary/African Heritage, Community Programs, secondary credit courses (i.e., night, summer, weekend), summer programs, international adult education, Adult English as a Second Language courses, and Adult Day School credit programs.
- Currently, the Board is overspending by approximately \$6.9 million in continuing education.
- Staff will be reviewing each of the programs to bring forward recommendations to assist in reducing the deficit.

Potential Areas of Focus to Balance the 2024-25 Budget

Outdoor Education

- TDSB has recognized the importance of Outdoor Education by mandating that all students have equity of access to quality day and overnight Outdoor Education Programs.
- In June of 2001 the Board resolved that every student in grades 5-8 has the opportunity to participate in overnight programs and every student in grades K-8 has opportunities to participate in day programs.
- Historically the costs associated with operating the Outdoor Education Department have been greater than the revenue received.

2022-23

- Revenue - \$4.1 million
 - Expenditures - \$7.2 million
 - Deficit of - \$3.1 million
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- Staff will be reviewing outdoor education to bring forward recommendations to assist in reducing the deficit while adhering to the Board resolution



Potential Areas of Focus to Balance the 2024-25 Budget

Additional Opportunities for Other Revenue

- The majority of funding for TDSB comes from the GSN. However, there is less than 10% that comes from other revenues including permits, interest revenue, international student fees and other fees. Staff are reviewing all of these areas to ensure that these other revenues are, at minimum, covering the costs associated with the programs/areas for which the revenues are being collected.

Review of Central Staffing

- Although this area has been reviewed and reductions have been made to these areas in previous year, staff will be performing a further review to identify any further reductions.



Potential Areas of Focus to Balance the 2024-25 Budget

Reduction in Replacement Costs for Staffing Absences

- The budget related to replacement costs for staffing has continued to increase over the last number of years. Staff is reviewing strategies to reduce the budget required for replacement costs.

Reduction in Renewal Costs Charged to Operating

- As a result of increased costs related to renewal projects including absenteeism, vacant positions and the increasing cost of materials, the Board has overspent on the renewal grant and approximately \$6 million has been charged to the operating budget. Staff are reviewing the anticipated projects for 2024-25 to determine how to reduce the costs charged to operating.



Potential Areas of Focus to Balance the 2024-25 Budget

Additional Areas of the TDSB Budget Where Spending Exceeds Funding

- As is good practice, staff will continue to review all areas of the budget where spending exceeds funding. It should be noted that the areas identified in this section have value and are important part of fully implementing the Board's priorities, obligations, resolutions and operations. The reduction of services in these areas could potentially result in a range of impacts.



Questions



