



Trustee Financial Orientation Session (PowerPoint Presentation)

To: Finance, Budget and Enrolment Committee

Date: 23 January, 2019

Report No.: 01-19-3571

Strategic Directions

- Allocate Human and Financial Resources Strategically to Support Student Needs

Recommendation

It is recommended that the Trustee Financial Orientation Session PowerPoint Presentation for Wednesday, 23 January 2019 (PowerPoint Presentation) be received.

Context

As part of the Finance, Budget and Enrolment Committee meeting on Wednesday, 23 January 2019, time has been allotted to provide a financial orientation training session for trustees. The powerpoint presentation is attached at Appendix A.

Action Plan and Associated Timeline

Staff are working towards developing the Toronto District School Board's 2019-2020 Operating and Capital Budgets for approval in June 2019.

Resource Implications

Not applicable.

Communications Considerations

The attached powerpoint will be posted on the 2019-2020 Budget website.

Board Policy and Procedure Reference(s)

Not applicable.

Appendices

- Appendix A: Trustee Financial Orientation Session, Finance, Budget and Enrolment Committee, Wednesday, 23 January 2019, 4:30 p.m.

From

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Trustee Financial Orientation Session

Finance, Budget and Enrolment Committee

Wednesday, 23 January 2019

4:30 p.m.





Agenda

- Mandate of Finance, Budget and Enrolment Committee (FBEC);
- Role of the Trustee in the Budget Process;
- Grants for Student Needs (GSNs);
- Historical Funding Gaps;
- Accountability Requirements;
- Capital Budget Discussion;
- Operating Budget Discussion; and
- Questions.



FBEC Mandate

- FBEC recommendations are presented to the Board for approval;
- Considers all financial matters of the Board including:
 - Approval of all contract awards:
 - Operating contract approval levels:
 - For Information only up to \$175,000;
 - Committee Approval from \$175,000 to \$250,000; and
 - Board Approval over \$250,000.
 - Facilities contract approval levels:
 - For Information only up to \$500,000;
 - Committee Approval from \$500,000 to \$1,000,000; and
 - Board Approval over \$1,000,000.
 - Budget Development.

FBEC Mandate (con't)

- Reviews impact of enrolment projections and policy changes on Board budget. Considers marketing options to increase enrolment;
- Transportation issues;
- Reviews and considers all facility operational issues such as:
 - Leases;
 - Plant Operations;
 - Architect Selection; and
 - Sketch Plan Approvals .

Role of the Trustee in Financial Oversight

- Financial planning is a vital and integral part of the trustees' overall responsibilities, to ensure effective stewardship of the Board's resources;
- As per the *Education Act*, Boards are required to develop multi-year strategic plans. The TDSB approved a multi-year strategic plan in June 2018;
- Under the *Education Act*, Boards are required to develop and approve a balanced budget within the funding allocation provided by the Ministry of Education each year; and
- The budget should be developed based on and reflect the Board's Strategic Plan, and Mission/Vision.

Grants for Student Needs

What are the Grants for Student Needs (GSNs)?

- GSNs are the province's mechanism to determine funding to school boards based on funding determined by formulas set out in regulations each year;
- The GSNs funding announcements are usually released in late March or April of each year for the following school year;
- The GSNs represents approximately 85% of the school board budget; and
- The actual funding comes from two sources: Property Taxes and Provincial Funding. The GSN determines the percentages of each.

History of the GSNs

- Prior to 1997-98 school boards set local education property tax rates;
- There was an inequity between rural and urban boards on per pupil spending;
- The principles behind the creation of the GSNs was equity of funding and programs across the province;
- The initial funding formula was built on averages across the province; and
- Revisions over the years for new Ministry programs have meant changes to the GSNs.

History of the GSNs (con't)

- The development of the GSNs in trying to respond to various drivers and inputs required a complex structure and regulations;
- The GSNs are made up of many components to address the classroom costs as well as the unique characteristics of boards, schools, staff and students;
- There are two major components to the GSNs funding:
 - **2 Foundation Grants** which cover the basic costs of education common to all students and schools; and
 - **13 Special Purpose Grants** that address the unique needs of students, schools and school boards.

Breakdown of the GSNs

Foundation Grants:

- **Pupil Foundation** allocation (enrolment based) – allocation includes:
 - classroom, library & guidance teachers;
 - designated early childhood educators;
 - professional support services;
 - supply staff costs; and
 - classroom and computer supplies.
- **School Foundation** allocation (school level enrolment based) allocation for:
 - principals and vice-principals;
 - school office staff; and
 - supplies.

Breakdown of the GSNs (con't)

Special Purpose Grants:

- Special Education – supports the needs of students with special needs;
- French as a Second Language – supports delivery of French programs;
- English as a Second Language – supports students from countries which are non-English speaking and families whose first language is not English;
- Continuing Education – supports enrolment of students in after school programs;
- Transportation Allocation – funds the bussing of students from home to school;

Breakdown of GSNs (con't)

Special Purpose Grants (con't):

- School Operations – supports caretaking, maintenance and utility costs;
- Safe School Allocation – supports students in suspension programs;
- Indigenous Education – supports the indigenous programs;
- Teacher Qualification and Experience allocation – supports teacher salaries based on years of experience and qualifications;
- Learning Opportunities Allocation – supports students at risk of academic achievement;
- New Teacher Induction Program – supports the professional development of new teachers;

Breakdown of the GSNs (con't)

Special Purpose Grants (con't):

- Administration and Governance – supports the administration of school boards;
- Declining Enrolment Allocation – temporarily supports the reduction in enrolment a school board may face; and
- Community Use of Schools – supports the access to school permits for non –profit community groups.

Enveloping of Allocations

The Ministry of Education “envelopes” some of the grant allocations limiting their usage. These grants include:

- **Special Education** – must be spent on incremental costs of delivering Special Education to students of the board; and
- **Indigenous Education** (both the Per Pupil Allocation and Board Action Plans) – the per pupil allocation must be used to support indigenous students to improve achievement and well-being. While the Board Action Plans must be used to support the Ontario First Nation, Metis and Inuit Framework Implementation Plan.

Grants for Student Needs

Enveloping of Allocations (con't)

Learning Opportunities Grant (LOG):

- Portion identified as **Student Achievement Envelope**, which is a group of grants that must be spent on those grant areas only. The grants in this envelope are:
 - Literacy and Math Outside the School Day Allocation;
 - Student Success, Grades 7 to 12;
 - Grades 7 and 8 Literacy and Numeracy and Student Success teacher allocation;
 - Ontario Focused Intervention Partnership (OFIP) Tutoring Allocation;
 - Specialist High Skills Major (SHSM); and
 - Outdoor Education.
- **Library Staff Allocation** – this supports library services to support elementary students.
- **Administration and Governance Allocation** – net expenditures must not exceed the allocation.

Funding Gaps

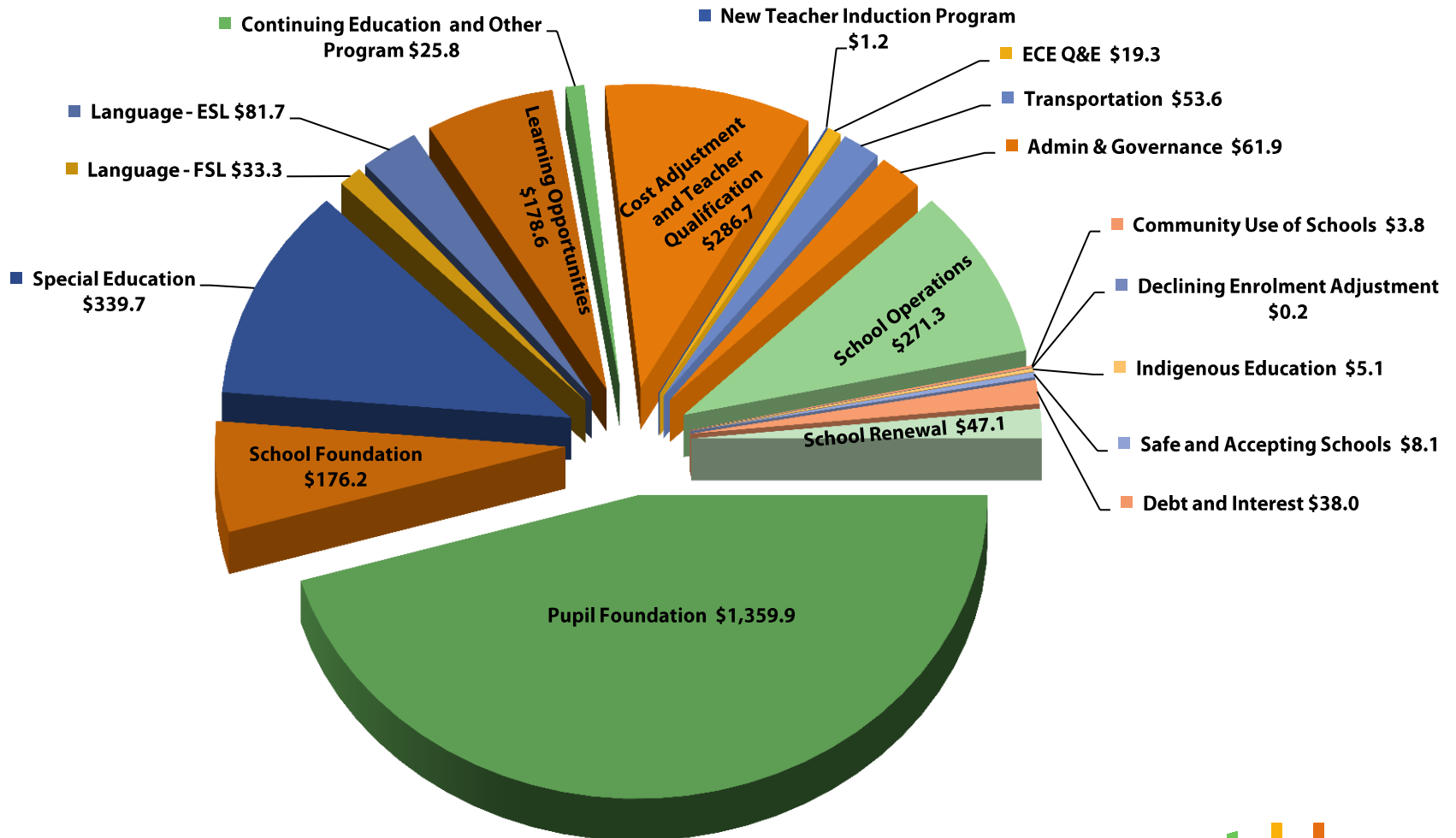
Some of the significant areas we see funding gaps are as follows:

- Teacher salaries and benefits gap of approximately 3.5%;
- Designated Early Childhood Educators (DECE) salary and benefit gap of approximately 38%;
- School Budgets approximately \$8M* ;
- Supply staff approximately \$65M*;
- Special education approximately \$32M*; and
- Transportation approximately \$9.4M*.

* Based on 2017-18 projections. Updated data being prepared for [Financial Facts](#).

Grants for Student Needs

2018-19 Grant Allocation (\$ Million)



Accountability Requirements

There are four broad mechanisms of accountability that the Ministry uses to monitor board's spending of funding:

1. Legislative requirements – such as a balanced budget;
2. Financial reporting and monitoring controls – these include budget reporting and audits;
3. Enveloping – where certain allocations are restricted in their use, such as Special Education, class size, capital and certain parts of other allocations; and
4. Program/Grant specific reporting requirements – typically these are the Education Program Other (EPO) grants that come with specific reporting requirements and agreements.

Operating vs Capital Budgets

Operating vs Capital Budgets

- As per the *Education Act*, School boards are required to submit a balanced budget to the Ministry of Education by 30 June of each year;
- The budget has two separate and distinct components:
 - The **Operating Budget** – supports the day-to-day operations of the board; and
 - The **Capital Budget** - supports the infrastructure needs of the board.
- Capital funds cannot be used to balance the operating budget.

Capital Budget - Expenditures

- The capital budget supports the program and accommodation needs of the board;
- Capital funding is used for the following purposes:
 - New school builds;
 - Additions to school buildings;
 - Renewal of school infrastructure;
 - Program accommodations; and
 - Capital Equipment (funded from operating budget, i.e., computers, etc.).

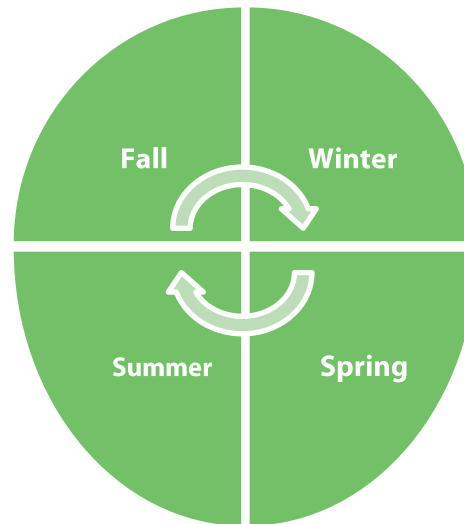
Capital Budget Sources of Funds

Ministry funding for capital projects:

- GSNs – to support base renewal needs (2018-19: \$47M annually);
 - Capital Priorities – to support new builds and additions, business case based (2017-18 \$64M approved);
 - School Condition Improvement funding – to support the renewal backlog (2018-19: \$227M); and
 - Early Years Capital Program/Childcare Capital funding – to support childcare space (2017-18: \$55M).
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- TDSB funding through Proceeds of Disposition – funds from sales of school properties.

Capital Budget Timelines

- November Financial Statements



- February to March individual meetings with Trustees on Ward schools
- Update on projects from 2017-18

- April Capital Process Discussion
- Tentative Ministry Announcement on Capital funding
- May Capital Budget Presentation

- June approval of Capital Budget

Operating Budget Profile

- Annual operating budget is approximately \$3.4B;
- 244,600 students in 582 schools;
- Over 100,000 adult learners;
- Funding Sources:
 - Provincial Grants \$2.9B; and
 - Other Revenues \$0.5B.
- 28,400 school-based staff and school support staff; and
- 1,600 central staff.

Operating Budget

Operating Budget Profile con't

- 82% of budget is salaries and benefits:
 - 65% of the budget is school based staffing.
- The remaining 18% of the budget includes the following major items:
 - Debt and Amortization \$224M (6.7%);
 - School Budgets and Fundraising \$97M (2.9%);
 - Utilities \$76.5M (2.3%);
 - Transportation \$62M (1.8%);
 - Maintenance, Renewal and School Operations Supplies \$57M (1.7%); and
 - Insurance \$5M (0.2%).

Operating Budget

External Factors Impacting the Budget Development

- The following are factors to be considered in preparation of the Board's operating budget:
 - Class size requirements:
 - JK-SK – class size average system wide of 26 with a cap of 29 (some exceptions);
 - Grades 1 to 3 – cap of 20 with 10% of classes as high as 23;
 - Grades 4 to 8 – average of 23.24 for TDSB; and
 - Secondary class size is mandated by collective agreement but is funded at 22 to 1 ratio.
 - Special Education funding can only be spent on incremental special education expenditures; and
 - Some components of the Learning Opportunities Grants are enveloped as a group for expenditures.

Multi-Year Strategic Plan (MYSP)

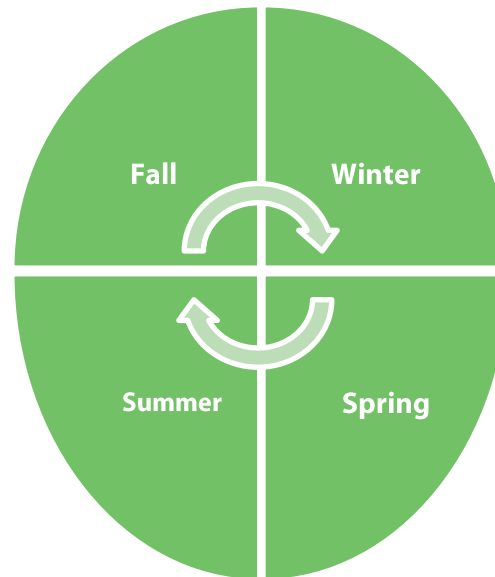
The Multi-Year Strategic Plan outlines five pillars:

1. Transform Student Learning;
 2. Create a Culture for Student and Staff Well-Being;
 3. Provide Equity of Access to Learning Opportunities for All Students;
 4. Allocate Human and Financial Resources Strategically to Support Student Needs; and
 5. Build Strong Relationships and Partnerships Within School Communities to Support Student Learning and Well-Being.
- As part of the 2019-20 budget process the Board will use the MYSP to set the budget priorities on which to allocate resources.

Operating Budget Development

Budget Timelines

- October Enrolments
- November Financial Statements
- December Revised Estimates



- First Quarter Update
- Prior Year Analysis
- Enrolment Forecast
- Establishing Budget Priorities

- Ministry Funding Announcement
- March Public Consultation
- April/May Budget Development

- June approval of Operating Budget

Questions?



