



Note: this report has been updated to include adjustments to staff's proposed balanced budget report presented at the May 15 Finance, Budget and Enrollment Committee. Changes are noted in red.

Proposed Balanced 2019-2020 Operating Budget

To: Special Finance, Budget and Enrolment Committee

Date: 13 May, 2019

Report No.: 05-19-3655

Strategic Directions

- Allocate Human and Financial Resources Strategically to Support Student Needs
- Provide Equity of Access to Learning Opportunities for All Students

Recommendation

It is recommended that Trustees approve the budget option outlined in Appendix G to balance the 2019-2020 operating budget.

Context

2019-20 Proposed Balanced Budget Plan

Introduction and Context

This report is to provide a staff proposed balanced 2019-20 Operating Budget to be presented to the Finance, Budget and Enrolment Committee on 13 May 2019.

This proposed balanced budget plan has been guided by the TDSB's [Multi-Year Strategic Plan](#) (please also see Multi-Year Plan Goals – **Appendix A**) and the [budget strategic drivers](#) (please also see Budget Strategic Drivers: Purpose and Background –

Appendix B) approved by the Board. The drivers reflect the [public input \(Appendix C\)](#) we received during our online Community Budget Survey. That public survey confirmed that the proposed budget strategic drivers were important and merited both attention and funding.

The projected budget shortfall for 2019-20 is influenced by three factors, two of which have a direct impact on the Board's projected budget shortfall and one that has an impact on Board service levels:

1. TDSB Annual Structural Shortfall - \$25.7M;
2. Ministry of Education Grant for a net loss of \$42.1M; and
3. Service Level Changes.

On 26 April 2019, the TDSB received the Grants for Students Needs information and staff calculated a budget shortfall of \$54.4 million - \$25.7 million was our structural shortfall and \$28.7 million was Ministry funding reductions.

However, on 10 May 2019, the TDSB received more detailed information from the Ministry and learned of various grant reductions and some grant increases, but our total budget shortfall changed from \$54.4 million to **\$67.8 million**, a total of \$13.4 million higher than previously calculated. The details that the TDSB required to make this new budget shortfall calculation were not provided to the TDSB until last Friday, 10 May 2019.

The most significant additional grant reduction that directly caused our total shortfall to increase is the Teacher Qualifications and Experience Grant of \$13.4 million. It is because this funding is directly related to the number of secondary school teachers that the funding is being reduced to reflect the Ministry's increase to secondary school class size averages resulting in fewer teachers for 2019-20.

The table below provides the details to calculate the net Ministry grant reductions (please also see **TDSB Technical Backgrounder – Appendix D**).

Item		Amount millions
Structural Surplus/(Deficit)		\$(25.7)
Grant Changes impacting Board's financial position:		
Early Childhood Education funding	\$(7.9)	
Cost Adjustment	\$(9.9)	
Grades 4 to 8 Class size funding	\$(9.6)	
Human Resource Transition Support	\$(1.3)	
Teacher Qualifications and Experience grant	\$(13.4)	
Transportation Grant Improvement	\$8.4	
Facilities Supplementary Area Factor	\$(3.9)	
Reduction to Pupil Foundation Amount for International Students	\$(2.9)	
PPF – Priority Schools Initiative – Free Permits	\$(1.6)	
Total Grant Changes		\$(42.1)
TDSB Net Financial Position Surplus/(Deficit) before Savings Options		\$(67.8)

Aligning TDSB with Ministry Funding Envelope

At the TDSB, we have many programs and services that respond to the unique needs of urban education – programs that are not part of the Ministry funding envelope. Many other school boards do not offer these programs and services or deliver them differently.

In the past, the Board has made up the funding shortfall by finding savings and efficiencies during the course of the year in other areas of the budget – cuts that have for the most part not affected classrooms and students. The Board has also used contingency and reserve funds to help balance the operating budget but this is no longer sustainable.

In short, the Board is running out of these options.

In previous years when the Board faced a budget shortfall, we did our best to limit reductions that would directly impact students. This will not be possible this year with a budget revenue shortfall of \$67.8 million. Where possible, staff's proposals do not eliminate programs or services. Instead, staff proposes reductions to a number of programs or services.

Staff's proposed balanced budget plan will bring the TDSB closer in line with the provincial funding allocation. To keep the programs we value and not eliminate them, we will need to consider how to deliver them differently.

For example, staff proposed changes that will eliminate transportation services for French Immersion (FI)/Extended French (EF) and Gifted programs to take effect in the 2020-21 school year, but the programs will continue. In fact, staff will be examining program placement and reviewing the transportation policy to ensure greater access to these programs throughout the city. Similarly, staff propose a reduction to the number of outdoor education centres (from 10 to 6 locations), but do not propose eliminating the program. For more information the transportation services reductions for FI, EF and Gifted programs and changes to Outdoor Education see **Appendix E**).

The cost of delivering French Immersion (FI) and Extended French (EF) in its current form is so high, that a complete reduction in transportation services is needed to operate the programs with budget. As we note in the background documents further changes will be needed to the delivery of FI and EF to keep program costs manageable. Other school boards have taken these steps and the TDSB needs to do the same.

Staff recognizes that Trustees face challenging decisions to balance the budget while best supporting student learning and achievement and providing equitable allocation of resources so that all students, including those with special needs, receive the support they need to be successful.

Preserving Many Programs and Supports

Despite the \$67.8 million budget shortfall, the proposed balanced budget retains many student programs and supports (please also see Backgrounder: Proposed balanced budget retains funding level for many school-based and system-wide programs, services and professional supports for students – **Appendix F**). The preservation of these programs and supports are directly aligned to our Multi-Year Strategic Plan Goals of 'Create a culture for student and staff well-being', and 'Build strong relationships and partnerships within school communities to support student learning and well-being'. The budget strategic driver 'Student Success' directly aligns with this part of the proposed staff balanced budget plan.

For example, while we are losing the Local Priorities Grant one-time funding from the Ministry, we are maintaining the Board's 2018-19 funding level for Special Education staffing, programs and services. That sees us continuing to invest \$39 million over the Ministry funding envelope to better serve the emerging needs in our classrooms and schools and it will reflect the importance of serving our special needs students as identified in the budget strategic drivers.

We will also add to our Special Education complement for students with Autism Spectrum Disorder based on new Ministry funding of \$1.2 million to have more professional staff at the Board level with expertise in Applied Behaviour Analysis (ABA) and increase the training opportunities to build capacity in ABA. Our budget proposal supports our commitment to creating more inclusive learning environments as well as serving the needs of our most vulnerable students with special needs in our congregated classrooms.

We are also maintaining our funding for our 150 Model Schools. The funding is used to effectively support students in an equitable manner and to ensure that socio-economic status is not a barrier to achievement and well-being and is in line with both the budget strategic drivers (differentiated support) and TDSB's MYSP.

Other areas that staff proposes to retain current levels of funding include Early Years. Consistent with the Board's Early Years strategic budget driver and Multi-Year Strategic Plan, funding will continue for professional learning, special programs and direct literacy and numeracy intervention with students.

The TDSB is committed to infusing human rights principles into the work of the Board, in every classroom, in every school and in every workplace. To that end, the Board is expanding current levels of funding in this area with the support of a Ministry grant. This will allow for the identification and elimination of discriminatory practices, systemic barriers and bias at all levels of the Board.

We continue to retain funding levels for school safety and security and for school-based support staff such as lunchroom supervisors, safety and hall monitors and other staff who provide supervision of students during non-instructional times.

Consistent with the Staff Allocation to Support Student Achievement strategic drivers, the balanced budget proposes, for the most part, to maintain the level of funding for professional staff that provide assessment, diagnostic, treatment and related support for students. **Areas with some service level reductions (not elimination) include Psychology Services, social work and speech–language pathologists. Staff are proposing the services reduction in social work and speech–language pathologists be reinstated in 2020-21.**

- Attendance Counsellors
- Child & Youth Workers
- Educational Audiologists
- Occupational Therapists
- Social Workers
- Speech-Language Pathologists
- Psychology Services

The Board's commitment to equity, and policies and practices that engage our schools, employees and students to identify challenge and respond to all form of discrimination will also retain funding levels. Funding will also be retained in the area of Indigenous Education. The Board will continue to honour the recommendations of the Truth and Reconciliation Commission while supporting the achievement and well-being of Indigenous students.

Parents play a key role in their children's education. As partners in education the TDSB will continue to support and encourage their involvement in the decision-making process both locally at schools and centrally with the Board of Trustees. Consistent with our strategic budget drivers and Multi-Year Strategic Plan the proposed balanced budget will retain funding for the parent and community engagement support. Working closely with the TDSB's Parent Engagement Advisory Committee (PIAC) the TDSB will continue to support and facilitate outreach and parent training programs to various groups including Board advisory committees and school councils.

We are committed to maintaining a level of professional learning as per our budget strategic drivers. We will direct some Board budget dollars to support capacity building

of staff to deliver on the commitments set out in our Multi-Year Strategic Plan. The focus of the professional learning will be connected to our school improvement process where schools create three goals in the areas of student achievement, well-being, and equity. We will continue our commitment to challenge streaming, early years, inclusion and special education, enhancing safe schools and reducing suspensions, and providing an academic pathway for the majority of students.

For details on the programs, services and professional staff functions as well as Board departments that are changing, please see **Appendix G** – Proposed Budget Reductions and Changes to Program/Service Delivery Chart.

Ministry Grant Reductions

Staff's proposed balance budget plan manages the TDSB's structural budget shortfall and also has to manage service reductions that are the direct result of Ministry of Education funding changes. These include grant reductions, Board revenue reductions, removal of grants, and policy decisions some of which seem unfair to school boards. Most notably:

- The government will not provide funding to boards, including the TDSB, whose collective agreements require a smaller average class size than the average class size level being funded by the Ministry of Education. This results in a \$9.6 million shortfall in funding for the Board. It is important to note that these class sizes are not bargained locally any longer; rather, they are bargained at a central table, which does not allow boards to deal with this issue with their local unions.
- The Ministry will now levy a provincial surcharge on school boards' International (VISA) student tuition fees – one of the few sources of revenue for school boards other than government grants – a decision that will cost the TDSB \$2.9 million in lost revenue to the Ontario government. We are not aware of any government involvement, administrative or otherwise that could possibly lay claim to this surcharge.

The list of all the Ministry grant reductions totalling approximately \$42.1 million is outlined in the TDSB Proposed Balanced Budget Technical Backgrounder (**Appendix D**).

While some Ministry changes will not have a direct fiscal impact on the Board, they will have an impact on services. Some will be felt immediately and some may not begin to be felt for a couple of years. For example:

- The Local Priorities Grant was one-time funding for two years (2017-2019) applicable to all Ontario school boards. It was additional support for two-year collective agreements for positions including child and youth workers, special education support staff, special education and regular teachers (elementary and secondary), school support staff, and central administrative support for schools. This funding will not be a pressure on the 2019-2020 budget as staff will be returning to the previous staffing levels. However, while not a funding pressure, it will create a service level pressure to schools. **These reductions are built into staff's 2019-20 Proposed Balanced Budget Plan.**
- There are potentially significant and far-reaching challenges associated with reducing 800 teachers in Toronto's public high schools. For one, the potential for fewer course offerings for students is of great concern to the TDSB and other school boards as they calculate their high school teacher reductions.

Impact on Staff

Education is employee intensive with some 40,000 employees at the TDSB each playing their part to teach and support our students, look after our schools, overseeing and delivering our programs and services and providing administrative support to schools and central departments.

It seems improbable to reduce the Board's budget by \$67.8 million without having an impact on employees. Yet great care and planning has been taken to propose a budget that does not eliminate any programs, or professional staff functions. Some will be reduced in scope, some will have fewer professional or support staff and some will be reorganized with a different delivery model to achieve budget savings and/or more effective service delivery or meet changing client needs.

Proposed staff reductions will follow to collective agreement requirements and processes. This includes providing notice to collective bargaining units. While the TDSB and its collective bargaining units go through this process annually, this year will be different given a \$67.8 million budget shortfall.

It is expected that notices to employees who are **tentatively** surplus to the needs of the Board will be given to our support and teaching staff starting as early as mid-May for support staff, into late May for elementary teaching staff and early June for secondary teaching staff. Generally speaking (under our various Collective Agreements), when we declare tentative surplus to Board, it must be the least senior employees (in a particular job category, subject to qualifications).

Our staffing processes under our Collective Agreements have provisions for bumping to insure this happens. The bumping process does cause mobility of staff between schools for the upcoming year. At this stage, it is too early to predict the exact amount of mobility since retirements. Finally, it should be noted that the number of tentative surplus notices may far exceed the actual number of layoffs that end up occurring as a result of the dynamic nature of this process.

In the plan being proposed by staff, our hope is that through attrition (retirements) we will be able to keep employee layoffs to a minimum and possibly avoid them. However, it is not possible at this time to determine the exact number as each employee group will follow the seniority provisions of their collective agreement in relation to job classifications and employee functions. It will not be until the summer months before this process is complete.

Our hope is that through attrition (retirements) we will be able to keep employee layoffs to a minimum and possibly avoid them. However, it is not possible at this time to determine the exact number as each employee group will follow the seniority provisions of their collective agreement in relation to job classifications and employee functions. It may be June before this process is complete.

Communications Considerations

Government, Public and Community Relations Department will continue to implement the budget communications plan as presented to the FBEC committee.

Board Policy and Procedure Reference(s)

n/a

Appendices

- **Appendix A:** TDSB Multi-Year Strategic Plan Goals
- **Appendix B:** Budget Strategic Drivers: Purpose and Background
- **Appendix C:** Public Input
- **Appendix D:** Technical Backgrounder: \$67.8.9M Revenue Shortfall, TDSB Structural Shortfall and Ministry of Education Funding Reductions
- **Appendix E:** French Immersion, Extended French and Gifted Transportation Services; Outdoor Education Programs; and Secondary School Review
- **Appendix F:** Proposed balanced budget retains funding level for many school-based and system-wide programs, services and professional supports for students
- **Appendix G:** Proposed Budget Reductions and Changes to Program/Service Delivery Chart

From

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