



Projected 2024-25 Financial Position

To: Special Finance, Budget and Enrolment Committee

Date: 29 January, 2024

Report No.: 01-24-4540

Strategic Directions

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

Recommendation

It is recommended that the Projected 2024-25 Financial Position report be received.

Context

At the September 27, 2023 Board Meeting, Trustees approved a budget schedule which outlined a timeline to approve the operating budget of the Board prior to the release of the Grant for Student Needs (GSN). As part of that schedule staff were to present the projected financial position of the Board at a Special Finance, Budget and Enrolment Committee (FBEC) for the 2024-25 school year on January 29, 2024.

In preparing this forecast, staff have used the current funding model and projected enrolments to project grant revenue. The additional significant assumptions that have gone into this forecast are outlined below or in the notes to the financial projection:

Assumptions

- Staffing cost projections include current experience in supply cost and vacancy rates for school-based staff
- Classroom teacher staffing is based on current class size regulations
- Continuation of Priorities and Partnership Funding (PPFs) for staffing
- Removal of one-time staffing increases in 2023-24
- Reinstatement of 1 to 1 device strategy
- Transportation cost increase due to new contract term starting September 2024
- Impact of Bill 124 arbitration unknown currently

Based on these assumptions the following projection has been prepared. Staff will continue to update this projection as additional information becomes available and will provide an update to the forecast at the February 14, 2024 FBEC meeting.

**Toronto District School Board
Projected Financial Position 2024-25**

		\$	% Change year over year**	Notes
2023-24 Deficit - Revised Estimates		(15,300,000)		
GSN Revenue				
Enrolment impact	13,200,000		0.46%	1
ESL enrolment impact	15,200,000		10.21%	2
Increase in GSN Revenue		28,400,000		
Other Revenues Increase/(Decrease)				
Investment Income	(4,700,000)		(18.80%)	3
International Student Fees	1,400,000		5.83%	4
Child Care Lease Revenue	2,000,000		31.56%	5
Other Lease Revenue	300,000		3.00%	
Decrease in Other Revenue		(1,000,000)		
Staffing Costs				
Elementary Teachers	(20,700,000)		(1.81%)	6
Secondary Teachers	(10,000,000)		(2.12%)	7
DECE Staff	900,000		1.37%	8
Increase in Teacher Costs		(29,800,000)		
Other Staffing Savings/(Costs)				
School-based Supply Cost	(8,500,000)		(6.83%)	9
Vice Principals	3,800,000		2.67%	10
School Safety	4,000,000		2.01%	11
Increase in CPP & EI costs	(3,200,000)		(0.14%)	12
FEB - LTD & WSIB	(1,800,000)		(0.08%)	13
Self-Funded Leave (X over Y)	(500,000)		(0.11%)	
Increase in Other Staffing Costs		(6,200,000)		
Other Savings/(Costs)				
Budgeting for 1:1 device strategy for 2024-25	(5,000,000)		(6.02%)	14
Information Technology	(2,900,000)		(19.40%)	15
Utilities	2,000,000		1.70%	16
Transportation	(5,000,000)		(6.94%)	17
Increase in Other Costs		(10,900,000)		
2024-25 Projected Financial Position		(34,800,000)		

NOTES

**** Percentages above are based on relevant line items from the 2023-24 Revised Estimate**

- 1 This assumes that the GSN benchmarks are the same and that there is an increase in GSN due to enrolment. *Percentage is based on GSN grants, excluding Language Allocation*

- 2 Represents a projected increase in number of students eligible for ESL grant. *Percentage is based on Language Allocation Grant.*
- 3 Represents having less money on hand to invest and lower expected interest rates.
- 4 Represents projected enrolment and an increase in tuition fees for 2024-25.
- 5 Represents the annualization of the revised umbrella agreement for 2024-25.
- 6 Represents the increase in staffing from projections in March 2023.
- 7 Represents the increase in staffing from projections in March 2023.
- 8 Represents a reduction based on the decrease in projected Kindergarten enrolment.
- 9 Represents an increase in budget to reflect projected costs based on actual experience.
- 10 Represents removing the 28 (20 elementary and 8 secondary) VPs added through the 2023-24 budget process.
- 11 This represents removing the safety positions (other than SBSMs) that were added in January 2023. They include:
 - a) 2 Teachers
 - b) 2 Caring and Safe Advisors
 - c) 2 Child and Youth Counsellors (CYC)
 - d) 1 Student Equity Program Advisor
 - e) 3 Office Administrative Positions
 - f) 1 Child and Youth Worker
 - g) 12 Social Workers
 - h) 11 District-Wide CYCs
- 12 Represents the projected increase in statutory benefits.
- 13 Represents an increase based on projections from actuary.
- 14 Represents the net cost of implementing the next year of 1:1 device strategy
- 15 Represents the increase in license costs and agreements.
- 16 Represents anticipated savings in utilities.
- 17 Represents increase in new transportation contract.

Risks

The following items have significant risk to the financial forecast of the Board should the assumptions underlining them not match the Board's experience:

- 1) **Supply staff costs:** Staff continue to monitor absenteeism rates. Should staff see significant increase in absenteeism above projection, Trustees will be updated in future reports.
- 2) **Ministry of Education Funding:** This forecast was developed using the current 2023-2024 Ministry of Education funding model for the GSN and made assumptions around the continuation of certain PPFs. Should there be a reduction in funding there would be a negative impact on the Board's financial position.

- 3) **Working funds and internally restricted funds:** As noted in the chart below, the Board has used the reserves to balance the operating budget deficit; as a result, the reserve balances are close to depletion so there is not sufficient reserves to offset significant future deficits.
- 4) **Inflation Risk:** The impact of inflationary cost of supplies, services, and capital are difficult to project given the current economy.
- 5) **Other Unknown Challenges:** Unanticipated financial challenges that may emerge in the 2024-25 school year. Investment income is subject to interest rate risk depending on financial markets volatility. International student tuition revenue may be impacted by immigration policy decisions.
- 6) **Labor Costs:** As outlined in the FBEC report on the Revised Estimates for 2023-24, staff are still awaiting the decision of arbitration and Ministry funding to determine the impact of Bill 124. As the final arbitration award is likely to be announced in early February and shortly after the Ministry of Education funding for the award will be announced, it is not possible to incorporate the impact of this award on the Board financial position. The TDSB continues to experience a funding gap between provincial funding and the actual salary expense. Depending on the province's funding methodology for the Bill 124 monetary provision, the TDSB's funding gap might further widen.

Staff will continue to monitor these risks and will update Trustees as new information or risks become known.

Action Plan and Associated Timeline

A report on the options to balance the 2024-25 budget will be provided to Trustees at the February 14, 2024 FBEC meeting for consideration and feedback. Staff will provide an update on the projected forecast at the February 14, 2024 FBEC meeting, if additional information becomes available.

Resource Implications

2024-25 represents the third year of a three-year deficit recovery plan submitted to the Ministry of Education, which requires the Board to present a balanced budget. In addition, the current reserve forecast outlined below does not provide sufficient reserves to accommodate any further operating deficits.

Reserves (in \$ millions)	Actual Reserves as of August 31, 2023	2023-24 Projected use of reserves	Estimated Reserves, as of August 31, 2024
Working funds Reserve	-	-	-
Benefit Funds on Deposit	9.4	(9.0)	0.4
School Support	16.0	(6.3)	9.7
Environmental Legacy / Artificial Turf Funds	3.7	-	3.7
Total Internally Appropriated	29.1	(15.3)	13.8
Sinking Fund Interest (restricted)	11.4	-	11.4
Total working funds and internally restricted funds	40.5	(15.3)	25.2

Communications Considerations

This report will be posted on the Board’s budget website.

Board Policy and Procedure Reference(s)

N/A

Appendices

N/A

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