

# *A Time of Opportunity*

## *A Brief to the Minister of Education*

### *Regarding Education Funding*

November 21, 2005

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## **Introduction**

The Ontario Catholic School Trustees' Association (OCSTA) was founded in 1930. It represents 29 English-language Catholic district school boards and five English-language Catholic school authorities. Collectively, these school boards educate over 600,000 students from junior kindergarten to grade 12.

Inspired by the Gospel, the Mission of the Ontario Catholic School Trustees' Association is to provide leadership, service and a provincial voice for Catholic school boards in promoting and protecting Catholic education.

Annually, OCSTA submits a brief to the government with recommendations for improvements to the funding of education. Recommendations are made on the basis that the education funding system in Ontario must respond to four essential principles:

**Equity** -- A funding formula must distribute education dollars equitably among all Ontario school boards and their students;

**Adequacy** – The level of funding for education must be adequate to ensure quality education for today's students;

**Autonomy/Flexibility** – The model must allow school boards the autonomy and flexibility in spending they require to achieve the distinctive goals of their system, and to meet local needs; and

**Accountability** – The educational funding model must include mechanisms that ensure the appropriate degree of accountability of all parties and transparency of process and reporting regarding efficient and effective use of educational resources for students.

OCSTA welcomes the actions taken by the government in 2005/06 to improve the funding of education in Ontario. Many of the government's initiatives respond positively to recommendations made in OCSTA's November 2004 brief "*A Principled Approach to Funding Model Refinements*" and in our January, 2005 submission to the Pre-Budget Consultations. Such actions have included:

- The establishment of a provincial Special Education Funding Working Table, mandated to provide recommendations regarding an appropriate funding formula for funding special education programs and services in 2006-07 and beyond
- A moratorium on previously proposed reductions in some boards' Transportation Grants
- An additional \$33M to fund increased costs for student transportation and safety training for school bus drivers.
- A freeze on Declining Enrolment Grants while a new declining enrolment grant is developed, enabling boards to retain 2004-05 grants and receive additional grants to recognize further decline in 2005-06.
- Revision of the Geographic Adjustment Factor used in the calculation of the grant for New Pupil Places, and extension of the factor to the calculation of the Grant for School Renewal.

## Overview

It is evident that this government has made the education of our children a priority and is fulfilling commitments expressed in the Ontario Liberal Party plan for education, *Excellence for All*. Investments in creating smaller primary classes, increasing the number of specialized teachers, improving programming through the Student Success initiative, and providing a one time supplemental allocation of \$44 million for textbooks and learning resources speak to these commitments.

We are grateful for the Minister's efforts to assist school boards and teachers to bring about peace and stability in the education sector. Additional funding provided through the Cost Adjustment and Teacher Qualification and Experience Grant helps to address the difference between the annual benchmark increase and the cost of a corresponding annual increase to actual average salaries, though it does not address the catch-up for prior years. The change in the assumed average student credit load from 7.2 to 7.5 recognizes that this factor has previously been understated. Notwithstanding these positive steps, however, it is essential that additional adjustments are made to salary benchmarks, as school boards generally are experiencing significant difficulty funding the cost of new long-term agreements.

The recommendations that follow point to the need for further refinements to the funding model. Our concerns about the model arise primarily from insufficient updating of benchmarks since the formula's introduction in 1998. As previously stated, this is particularly true in regard to benchmarks for employee compensation, but applies also to areas such as pupil accommodation. Concerns with respect to Special Purpose Grants (Transportation, Learning Opportunities and Special Education) are longstanding.

OCSTA appreciates the consultation opportunities currently in place to address some individual grants but believes that consultation can become more meaningful and effective with the establishment of an on-going provincial advisory committee. Such a committee could provide the government with regular and appropriate

feedback on the effectiveness of the funding formula.

## **Employee Compensation Benchmarks**

The inadequacy of funding for employee compensation is an extremely serious issue for school boards across the province. Many Catholic school boards have struggled to produce a balanced budget this year. If significant increases in funding benchmarks do not occur, many boards will be faced with year-end deficits, or with deficit budgets in 2006-07. One time measures used to achieve a balanced 2005-06 budget, such as drawing-down reserves, will no longer be available in future as school boards, for the most part, no longer have available reserves.

Employee compensation demands about 80% of a school board's operating expenditure. In order to compensate for under-funded salary benchmarks, funds must be transferred to salaries from other areas of a board's operating budget.

A 1% shortfall in funding for compensation leads to a 4% reduction in resources for other needs. For 2005-06, boards are under-funded by slightly more than 6% in compensation lines. Therefore, 25% of funding allocated for other purposes must be used for compensation, at a time when school boards are facing rapidly increasing costs for programs and services. This problem is exacerbated by the fact that some of the other "lines" are either protected, designated or fixed and are not available to offset deficits in compensation benchmarks. Therefore boards seeking to reduce expenditures in non-salary lines have actually less than 20% of the overall operating budget to find such reductions.

To avoid a deficit budget temporarily, some boards may be able to take advantage of reserve funds built up over the years. Others have been forced to cut, or not supply, programs and services, including some funded through grants such as English as a Second Language, Learning Opportunities or Transportation. Catholic school boards already faced with under-funding in transportation, are under particular pressure.

The government funds employee compensation with formulas for salaries and benefits. Each of these areas has long been under-funded. This year the levels of under-funding have created critical situations for some school boards.

## **Employee Salaries**

In 2002, in the *Report of the Education Equality Task Force* (EETF), Dr. Rozanski estimated the shortfall in provincial funding for salaries for both teacher and non-teacher groups, at 4.6%. In the years following the EETF Report, the gap between provincial funding and the actual cost of salaries has increased. Not only was the gap not addressed, but negotiated salary increases sometimes exceeded increases in provincial benchmarks. Boards providing a salary of \$76,000 for A-4 max teachers in 2003-04 were paying 8.5% more than the Ministry benchmark. It has been estimated that on average, the current gap between the salary benchmarks and actual compensation costs is some \$4,500 per teacher. In a board that employed 1,000 teachers this would amount to an overall shortfall of some \$4.5 million. For example, the London District Catholic School Board has estimated its funding shortfall to be some \$5.6 million in the school year 2005-06. This will grow in 2006-07, unless this problem is addressed. This board's situation is typical of boards across Ontario.

In December 2004, the Ministry addressed the problem of the increasing gap in teacher salaries by providing a new cost adjustment within the Teachers Qualification and Experience Grant to capture the difference between a board's allocation for a 2% salary benchmark increase for teachers and the real cost of a 2% increase in teachers' salaries paid through its 2003-04 salary grid. Boards were told (B21 Memo, December 14, 2004) that adjustment to salary benchmarks for 2004-05 and future years would be based on actual salaries. This was a positive step. Nonetheless, the serious problem of the very large gap between Ministry funding and the actual board cost of salaries for both teacher and non-teacher employees continues to exist.

Compounding the teacher salary problem for school boards is the failure within the formula calculations to reflect the actual number of teachers required to provide instructional time required at both the elementary and secondary school levels.

At the elementary level the Preparation Time component of the Foundation Grant is inadequate to fund the number of specialist teachers required to free classroom teachers for prep time. In 2005-06 full time teachers receive a minimum of 160 minutes per week of preparation time. The allocation for specialist teachers to cover this time amounts to only about 137 minutes per week. Many Catholic boards provide more than the minimum prep time – a significant number provide as much as 200 minutes. For these boards the shortfall in funding is even more onerous. The minimum amount of prep time for elementary teachers is to increase each year until it reaches 200 minutes in June 2008. The funding gap increases each year. For 2006-07 the minimum prep time required rises by 20 minutes to 180, but the funding is scheduled to increase by only 7.5 minutes.

At the secondary level funding for the average credit load was improved this year to 7.5 credits but still does not recognize the actual number of credits provided by school boards. The EETF noted that over 50 school boards reported average credit loads of greater than 7.5. Since then the four year secondary program has been implemented. Boards who have an average credit load in excess of 7.5 face higher costs to employ additional teachers. These costs, however, are not recognized for funding purposes.

## **Employee Benefits**

Employee benefits are proportionately more under-funded than salaries. In 2002 the government funded benefits at 12% of salary for teaching staff and 15.7% for non-teaching staff. At that time the EETF reported that updating of benchmarks to meet costs would require a change in rate to 13.1% for teaching staff (an increase of 9.2%). The rate for non-teaching staff would have to be improved to 19.2% (an increase of 22.5%).

Benefit costs have continued to escalate at a higher rate than salaries. Increases will become even greater as more employees seek reimbursement for drugs designed to

assist them in their daily lives and as new, more effective and more costly drugs and treatments become available to cope with life threatening diseases such as cancer.

School board benefits plans are also affected by changes in Provincial Health Care funding. Employee groups want boards to insure the cost of services that were previously covered in whole or part by the province, but have now been either eliminated, or reduced e.g. Optometry, Physiotherapy, Chiropractic services. In addition, there is a growing concern that recent arbitration cases awarding to employee groups employer coverage of the Ontario Health Premium could be extended to certain school board collective agreements. All of these factors strengthen the argument that benchmarks for employee benefits need to be updated annually to reflect actual costs. A process that continually monitors the benchmarks and updates them in light of rapidly changing circumstances is also required.

Board costs for employee compensation are increased when more employees (relative to student enrolment) are required in response to government initiatives. The negative affect of any funding benchmark shortfalls is multiplied. As positive as they may be, new government initiatives that rely for funding on “a realignment of resources by school boards” (B5-Memo, June 16, 2005 pg. 7 serve only to further increase already serious cost pressures and drain other areas of the funding formula.

## **Recommendation 1**

**That the Ministry of Education update the provincial funding model for education to ensure that benchmarks are in place for 2006-07 to enable school boards to meet the current costs of:**

- **employee salaries**
- **employee benefits**

## **Provincial Advisory Committee on Funding Benchmarks**

Meaningful consultation with school boards and provincial education associations, including those representing school business officials, is essential if funding decisions are to reflect and meet the actual needs of school boards, their schools and their students.

OCSTA appreciates the Minister's recognition of the need for and the value of consultation.

To develop an underlying climate of stability and respect the Minister has convened meetings of a provincial Education Partnership Table with the stated purpose of "engaging all stakeholders in education on key policies". He has had provincial dialogue with teachers and school boards in regard to the collective agreements. In 2005, the Ministry of Education announced a complete policy review of several grants within the funding formula, including declining enrolment, special education, transportation, ESL and Learning Opportunities. Committees involving education stakeholders are already at work in many of these areas.

Although we support the creation of working groups to deal with specific education funding issues, OCSTA must again emphasize the value to the Minister and to education in the province of an on-going provincial committee dealing comprehensively with the education funding model as a whole. This provincial advisory committee made up of representatives from local school boards, provincial associations and senior Ministry staff, would meet on a regular basis to review the funding formula and its benchmarks and provide recommendations to the Minister regarding appropriate refinements. The creation of such a committee received the strong support of the Education Equality Task Force.

The government has taken a number of significant and valuable steps in order to improve education and its funding. A provincial education advisory committee could provide feedback to the Minister with respect to the impact of these measures and the potential value of further steps in funding reform.

## **Recommendation 2**

**That the Minister of Education create a provincial advisory committee, with representatives from each of the major associations in education, that would meet regularly with the Minister and senior staff of the Ministry of Education in order to**

- **monitor the adequacy of education funding**
- **provide for the annual review of benchmarks**
- **conduct comprehensive reviews of the funding formula on a periodic basis.**

## **Special Education**

Significant improvements had been made to the funding of Special Education since 1998. In providing a total of \$1.76 billion in grants for Special Education in 2004-05, the government delivered on its promise to help the children who need the most help – those with special needs.

In our 2004 brief, OCSTA recommended the creation of a task force including representatives from the major partners in education to review the approaches currently being implemented for distribution of Special Education grants and the impact of those approaches on school boards, and to recommend changes to ensure that these grants are adequate and equitable.

Catholic trustees are therefore pleased that 2005-06 is to be a transition year for the funding of Special Education, and that a Working Table on Special Education involving stakeholders has begun work in developing an improved funding approach for implementation in future years. OCSTA appreciates the opportunity to participate directly at that Working Table.

OCSTA's recommendations for improvements to Special Education funding relate to the method of determining allocations, the need for timely funding announcements and accountability.

## **Method of Determining Allocation**

OCSTA supports a layered approach to Special Education Funding. The current practice of providing grants through the Foundation Grant and supplementing these with a separate and protected Special Education Per Pupil Amount (SEPPA) grant to assist in provision of services and programs for students with special needs should be maintained.

Students with special needs are part of a board's total enrolment and thus are included among students funded through the Foundation Grant. In addition, a SEPPA grant has been, and should continue to be, allocated for all students. All students benefit, directly or indirectly, and to varying degrees, from services provided through human and material resources dedicated to Special Education. It is necessary, however, that benchmarks within the SEPPA allocation be reviewed and updated to reflect actual board costs, particularly at the secondary level.

Currently, separate funding is provided to boards for students who require more costly special education services, including equipment, teachers, education assistants and other support. The amount of this allocation varies from board to board based upon the number of these students. In recent years, a very complex and time consuming administrative procedure has been engaged regularly by school boards to justify their entitlement. A better and less administratively onerous means must be found to provide boards with the resources necessary to provide services to students with high needs and to periodically adjust funding to recognize changes in incidence.

Boards providing programs and services for students with exceptionally high needs would continue to be funded for them through a Special Incidence Portion (SIP) grant, upon approval from the district office staff of the Ministry of Education. Funding to recognize incidence rates of high needs students and funding for SIP funding would be predicated upon current enrolment and need.

## **Timely Announcements**

It is extremely important that school boards receive special education funding information well in advance of the next school year. This enables boards to calculate their anticipated allocation in time to plan staffing and programming and to communicate these plans to principals, teachers and parents. Each of these processes involves considerable time and preparation and impacts other programs and services provided. Special Education program budgeting is integrated into a school board's total budget planning.

In past years, when allocations for Special Education were announced late in the school year, some boards temporarily set aside a significant amount of the allocation in their Special Education reserve fund. In some cases boards felt that more time was needed to develop and implement, with due care and consultation, an improved plan for the provision of programs and services for children with special needs. Some boards also found it difficult, after a late allocation, to obtain the resources needed to proceed with implementation. In prior years school boards had also used reserves as a way of helping to cope with the lack of predictability of government funding for special education.

The 2004 claw-back of Special Education reserves was disappointing to boards who had counted on using these funds to make improvements to their Special Education program. On March 31, 2005, boards were pleased to learn that these funds would become available to them through the redistribution in the form of an Effectiveness and Equity Fund. Unfortunately, the late allocation of these funds in mid May, 2005 and the decision that these funds would be subject to recall if the board had not authorized their expenditure by May 30, 2005 again raised concerns.

Information with respect to Special Education allocations, like all other budget allocations, must be available early in the calendar year in order that a board may be efficient and effective in providing programs and services to its children and its community.

## **Accountability and Transparency**

OCSTA supports accountability as an important principle for education funding. In the case of Special Education, students, parents, teachers and resource staff must be involved in a transparent process through which appropriate learning goals for students are identified and progress towards achieving these goals is systematically tracked. Accountability also involves boards reporting to the Ministry of Education regarding programs and services delivered and the expenditure of grants. It is important, however, that this accountability process not consume an excessive amount of board resources. Reporting requirements must be reasonable and efficient, drawing a minimal amount of financial and human resources away from direct service to students.

### **Recommendation 3**

**That the Ministry of Education allocate funds for Special Education that:**

- a) are provided through a layered process that includes funding through the foundation grant, funding through a separate and protected SEPPA grant and funding to recognize boards' incidence rates of high needs students**
  
- b) are announced in a timely manner, so as to allow for a sufficient period for planning and implementation**
  
- c) ensure accountability and transparency without an onerous administrative burden.**

## **Children With Special Needs – Coordination Between Ministries**

Often multiple people and Ministries share in providing programs and services to an individual child with special needs. Different Ministries may assist the child and his family at different stages in his life. Services provided by the Ministry of Children and Youth Services, for example, may be provided for pre-school children but discontinued once the child becomes involved in formal programs within a school setting, where the Ministry of Education is expected to take over. In other cases, a variety of programs and services may be offered simultaneously to a school-aged child, through different Ministries.

In order to ensure the most beneficial results for the child, programs and services offered through different Ministries must be coordinated. Cooperative planning and administration among the Ministries responsible for Health, Social Services and Education are essential to ensure that all resources are being used productively and efficiently. To avoid duplication and/or gaps in service the specific responsibilities borne by each Ministry must be clear and a plan developed to ensure inter-ministerial communication and coordinated efforts.

### **Recommendation 4**

**That the government implement a coordinated model of care and service for children with special needs that**

- a) Promotes cooperation among relevant provincial Ministries; and**
- b) Outlines specific responsibilities to be borne by each Ministry.**

## Timing of Ministry Announcements

Recent provincial initiatives clearly demonstrate that the government's understanding of the importance of long-term planning for resource allocation. The achievement of four-year collective agreements, accomplished as a result of provincial involvement, will provide stability and predictability for provincial funding related to compensation. The government's intention to work with boards on long range capital plans also indicates its determination to ensure short term planning and decisions that take into account long term goals.

To support efficient and effective planning and resource allocation, funding announcements must be both clear and timely. Retroactive negative grant announcements must be avoided as the unexpected shortfalls they engender can quickly destroy the benefits and balance achieved through careful planning.

School boards are very concerned that, of late, long delays in the release of provincial information has been hampering effective planning and consultation associated with boards' budget preparation and development of integrated long term capital plans.

Planning for school boards' budgets begins well in advance of actual budget approval, which normally occurs in late spring. Funding announcements for 2005-06 were not made until May 30, 2005. The B:5 Memo providing details of the funding announcement was received by boards on June 16. The Technical Paper upon which boards and other interested parties also rely has not been received at the time of this writing. Late distribution of these documents has a negative impact on planning and budget processes.

On February 17, 2005, the Ministry provided its comprehensive announcement regarding Good Places to Learn: Renewing Ontario's Schools. The announcement provided general direction to school boards for planning improvements to existing school facilities and new pupil accommodation and also spoke of pending opportunities to provide new child care spaces as part of the "Best Start" program.

The March 18 B:Memo provided additional information with respect to allocations for school repairs under the Good Places to Learn initiative and included timelines for the Good Places to Learn policy. According to the B-Memo, final school closure guidelines and school valuation templates, along with guidelines for the capital process, were to be provided to school boards during the Spring of 2005. Long term capital plans were to be submitted to the Ministry in October 2005. These guidelines and related templates have yet to be received by school boards.

Receiving information regarding government initiatives and allocations on a more timely basis would facilitate effective and responsible planning and allow implementation to proceed quickly and efficiently. This would benefit students and the community and would also further the government's own goals for education, as outlined in the document *Excellence for All*.

Sufficient time between the announcement of funding changes, new programs and, most importantly, the annual estimates' regulations, and the required deadlines pertaining to such, would allow school board administrators and trustees to properly determine the impact of such on board operations. It would also provide adequate opportunity for other stakeholders, especially parents, to measure the effect of proposed changes and where appropriate, comment upon them.

## **Recommendation 5**

**That the government and the Ministry of Education announce and distribute all funds for education in a timely fashion so as to allow school boards adequate time to plan and implement programs in a responsible, accountable, efficient and effective manner.**

## **Special Purpose and Program Level Reporting**

OCSTA supports the principle of accountability in the funding of education. As noted in its 2002 Brief to the Education Equality Task Force:

OCSTA shares the government's commitment to a system of education that is accountable and transparent to all parties involved, in particular parents and the taxpaying public.

We agree that accountability requires efficient mechanisms for reporting to the public and to the Ministry on board finances and expenditures.

To be truly effective, such mechanisms must be reasonable in number and scope and must produce information that is useful and understandable to the intended audience.

With the introduction of the current funding model, resources for Administration and Governance became very limited, the reporting requirements for school boards have become greater and more onerous.

More human and financial resources are required to implement the Public Sector Accounting Board (PSAB) reporting standards which have been adopted by the Ministry of Education for school board reporting. The B:5 Memo of June 16, 2005 highlighted specific reporting and accountability requirements for several key investments in 2005-06, including extensive reporting in regard to:

- Primary Class Size,
- Elementary Specialist Teachers (including public reporting on use of resources and the success in achieving literacy and numeracy targets),
- Good Schools Open (Distance Schools report also expanded),

- Cleaner Safer Schools,
- New Pupil Places (including two reporting dates).

In addition, the number and complexity of Special Purpose Grants (e.g. Learning Opportunity Grants, Student at Risk, Rural Education Strategy, Technical Education Revival) and related surveys (e.g. transportation surveys) has increased significantly in recent years. A number of grants, such as LOG and Students at Risk, require detailed program level expenditure information that is not easily collected by school boards.

At the same time that reporting requirements have increased, resources for board administration have been reduced. Financial and human resources for administration have been further limited recently as available operating funds have been squeezed due to demands to compensate for shortfalls in the funding of employee compensation.

OCSTA believes that a systematic audit of provincially mandated accountability processes to assess their efficiency, effectiveness and impact on board operations should be undertaken.

## **Recommendation 6**

**That the Ministry of Education limit or reduce the amount of special purpose and/or program level reporting that is currently being requested of boards.**

## **Student Transportation**

Transportation services are very important for children in the Catholic school system. In general, a greater proportion of Catholic school students than public school students depend on transportation services to gain access to their local school. Individual Catholic schools tend to serve larger areas as there are fewer of them. Because of this greater need for transportation services, Catholic District School Boards generally allocate a greater proportion of their budget for transportation than do their coterminous District School Boards.

OCSTA welcomed the increase in funding for student transportation included in the 2005-06 grant announcements, as well as the commitment that transportation would be reviewed in partnership. Catholic school boards have been struggling for many years to maintain adequate transportation services with far less than adequate funding. Now, boards find themselves in an even more precarious situation due to increased non-funded employee compensation costs and soaring fuel prices.

Prior to 1998, many Catholic school boards sought correction to the provincial transportation funding formula, which was based on a flawed 1996-97 grant base and provided funding at far too low a level to meet their transportation needs. The provincial education funding formula that was introduced in 1998 did much to promote equity and equality of education for students across Ontario. To the dismay of many Catholic school boards, however, the transportation component of the formula, though identified as needing revision, did not change.

Much work has been done in recent years to design a new approach to the funding of transportation. OCSTA and Catholic school boards have taken every opportunity to participate fully in the process.

In our 2004 Finance Brief, OCSTA expressed considerable concern about the new transportation formula under discussion at that time. Upon full implementation, that formula would have resulted in two-thirds of Catholic district school boards being under-funded with respect to transportation costs. The negative impact on students and families in Catholic schools would have been substantial.

OCSTA appreciates the government's action in not rushing to implement a faulty approach to transportation funding but is concerned that progress to a better

approach has been stalled. Work must resume immediately on this important issue.

A new model for transportation must provide sufficient funds to ensure a reasonable level of service. Its resource allocations must be fair and non-discriminatory. The formula must treat school boards and students in similar circumstances in a similar manner. Particular attention must be given to adequate funding for transportation of students with special needs.

Differences in student transportation needs must be recognized whether boards are in the same jurisdiction or in different parts of the province. A local priorities component of transportation funding could allow boards the flexibility to provide transportation for specialized schools or to implement variations in walk distances required to suit local circumstances with respect to safety.

A reformed approach to funding transportation must include mechanisms that ensure an appropriate degree of accountability. Catholic School boards share the Ministry's concern for cost effectiveness and are prepared to work cooperatively with their coterminous public boards to mutually examine all means of efficiency in meeting the transportation needs of students in different settings across Ontario. Catholic boards do not believe however, that "consortia" per se should be mandated, as such could interfere with a board's autonomy. No board should be required to adopt measures that would result in that board incurring higher transportation costs, unless these costs are offset by increased transportation grants.

Meeting student transportation needs in 2006-07 will be particularly challenging in light of the international pressures on fuel costs and the need to move to equity. In light of volatile fuel prices, and fuel escalation clauses in many boards' transportation carrier contracts, there is a critical need for a mechanism which adjusts the cost component of the transportation grants on a more responsive basis than currently is the case.

Steps must be taken now to prepare for a reformed approach to transportation funding which is true to the underlying principles of equity, adequacy, autonomy/ flexibility and accountability that are shared by OCSTA and the Ministry of Education.

## **Recommendation 7**

**That the Ministry of Education, in consultation and partnership with school boards and their provincial associations, immediately re-engage in the process of developing an equitable and adequate transportation funding formula that meets actual needs for student transportation.**

## **Provincial Task Force on Support for Struggling Students**

In announcing changes in education funding for 2005-06, the Minister of Education noted that grants for Learning Opportunities and English as a Second Language would be reviewed in partnership, and that “new policies are needed to ensure (their) effectiveness.”

OCSTA welcomes such a review, particularly in regard to the Learning Opportunities Grant (LOG). While OCSTA supports the basic purpose of the Grant, we have long-standing concerns about the fairness of its distribution.

As noted in OCSTA’s submission to the Legislative Review Committee in 2003, there are two major flaws in the Demographic Component of LOG that impact upon the fairness of its distribution. The first portion, introduced in 1998, was allocated on the basis of municipal enumeration. This is problematic for Catholic and French boards, since municipal enumeration data underestimates the size of the Catholic and French population.

The second portion, introduced in 2002, is based on school level demographics. The emphasis this approach places on population concentration is problematic for Catholic schools, since, in general, schools under the jurisdiction of Catholic boards, particularly Catholic secondary schools, draw their student population from

a wider geographic area than schools under the jurisdiction of public boards. Although neighbouring Catholic and public schools may have the same absolute number of high risk students, reliance on population concentration may cause one school to generate more funding units and more funding to support those students than the other school.

As OCSTA stated at the time of the Legislative Review “the impact of these two flaws is that the LOG may not conform to the requirement of s. 234 (2) of the Education Act that the grant regulation operate in a fair and non-discriminatory manner.” (Student-Focused Funding: Equality of Educational Opportunity – Page 42).

It should be noted that OCSTA’s concern about the equity of the Demographic Component of the Learning Opportunities Grant was shared by the Education Equality Task Force, who recommended that the Ministry of Education review the Demographic Component to ensure that the distribution of funds to school boards under this grant is fair and equitable.

An additional concern regarding the Demographic Component of LOG arises from the variety of factors and weightings that are used in the four distinct portions of the grant.

As the Ministry of Education 2004-05 Technical Paper outlines:

the total amount of funding allocated by the Demographic Component of the LOG for 2004-05 is comprised of four different portions: the original amount (\$200M) allocated in 1998, \$15M added for 2002-03, \$95M added for 2003-04, and a final \$65M announced in August, 2004.

The recent immigration factor within the Demographic Component (for example) was weighted at 12.5% for the \$15 million enhancement added for 2002-03, but at 50% for the next two provincial enhancements of \$95 million and \$65 million. This occurs even though the Language Grant provides funding for English as a Second

Language (ESL) and English Skills Development (ESD), programs that are intended to assist students who were born in countries where English is not a first or standard language.

At the same time, the low education factor and the lone parent status factors of the Demographic Component were reduced from a combined weighting of 25% to just 10%. Yet, the importance of these two factors in influencing children's development in their formative years is well researched, as noted in the 1999 McCain-Mustard report The Early Years Study.

In its current form, the Demographic Component of the Learning Opportunities Grant cannot be rationalized and must be updated and simplified. Funding must be allocated equitably and with a requirement for accountability, in order to demonstrate that LOG allocations are used for the purpose for which they are intended.

## **Recommendation 8**

**That the Ministry of Education proceed immediately to strike a task force, involving stakeholders in education, to review Support for Struggling Students as provided through Learning Opportunities and ESL Grants.**

## **CONCLUSION**

OCSTA appreciates the significant steps taken by the government in improving the funding of education for 2005-06. We believe that the framework for meaningful reform has been put in place. A unique opportunity now exists to correct shortcomings in the funding formula. For school boards across the province, the most critical of these shortcomings deals with the funding of employee compensation. During this period of stability corrections can be made to the benchmarks to provide for alignment with actual costs.

OCSTA looks forward to working in partnership with the Minister, Ministry staff and other stakeholders in education on the various committees that will review policies and allocations related to a number of Special Purpose Grants. We urge immediate action in these endeavours. Time is critical for school boards, particularly with respect to planning and implementation. Our opportunity is now. Our shared goal is Excellence for All in Education.

## **SUMMARY OF RECOMMENDATIONS**

### **Recommendation 1**

That the Ministry of Education update the provincial funding model for education to ensure that benchmarks are in place for 2006-07 to enable school boards to meet the current costs of:

- employee salaries
- employee benefits

### **Recommendation 2**

That the Minister of Education create a provincial advisory committee, with representatives from each of the major associations in education, that would meet regularly with the Minister and senior staff of the Ministry of Education in order to

- monitor the adequacy of education funding
- provide for the annual review of benchmarks
- conduct comprehensive reviews of the funding formula on a periodic basis.

### **Recommendation 3**

That the Ministry of Education allocate funds for Special Education that:

- d) are provided through a layered process that includes funding through the foundation grant, funding through a separate and protected SEPPA grant and funding to recognize boards' incidence rates of high needs students
  
- e) are announced in a timely manner, so as to allow for a sufficient period for planning and implementation
  
- f) ensure accountability and transparency without an onerous administrative burden.

#### **Recommendation 4**

That the government implement a coordinated model of care and service for children with special needs that

- c) Promotes cooperation among relevant provincial Ministries; and
  
- d) Outlines specific responsibilities to be borne by each Ministry.

#### **Recommendation 5**

That the government and the Ministry of Education announce and distribute all funds for education in a timely fashion so as to allow school boards adequate time to plan and implement programs in a responsible, accountable, efficient and

effective manner.

## **Recommendation 6**

That the Ministry of Education limit or reduce the amount of special purpose and/or program level reporting that is currently being requested of boards.

## **Recommendation 7**

That the Ministry of Education, in consultation and partnership with school boards and their provincial associations, immediately re-engage in the process of developing an equitable and adequate transportation funding formula that meets actual needs for student transportation.

## **Recommendation 8**

That the Ministry of Education proceed immediately to strike a task force, involving stakeholders in education, to review Support for Struggling Students as provided through Learning Opportunities and ESL Grants.