

# ***OUTSTANDING ISSUES***

## ***A Brief to the Minister of Education Regarding Education Funding***

November 18, 2008



Ontario Catholic School  
Trustees' Association



Ontario Catholic School  
Trustees' Association

## OUR MISSION

Inspired by the Gospel, we provide leadership, service and a provincial voice for Catholic School Boards in promoting and protecting Catholic education.

## OUR VISION

In keeping with our Mission, the Ontario Catholic School Trustees' Association:

### OPERATIONAL VALUES

- 7️⃣ **Embodies** and promotes the values and traditions of our Catholic faith in all Association activities.
- 7️⃣ **Respects** the principles of democratic and accountable governance.

### POLITICAL ADVOCACY

- 7️⃣ **Protects** the constitutional right of the Catholic community to govern, control and manage Catholic schools.
- 7️⃣ **Promotes** education in our province that reflects the Catholic principles of social justice.
- 7️⃣ **Advocates** for government recognition of the distinctive nature of Catholic education.
- 7️⃣ **Advocates** for provincial policy, legislation and funding support that enable Catholic boards to provide quality Catholic education.
- 7️⃣ **Influences** the strategic and political direction of the Ontario government and opposition parties regarding issues that impact Catholic education.

### INFORMATION & SERVICES

- 7️⃣ **Provides** faith formation and professional development resources and opportunities for its members.
- 7️⃣ **Provides** to member boards information and services that recognize their diverse circumstances and needs.

### COMMUNICATIONS & PUBLIC RELATIONS

- 7️⃣ **Develops** effective structures that enhance communication and working relationships among OCSTA and its member boards.
- 7️⃣ **Communicates** with member Boards and Catholic partners regarding relevant educational issues and OCSTA activities.
- 7️⃣ **Promotes** public understanding of and support for Catholic education.
- 7️⃣ **Celebrates** and **highlights** Catholic education's significant and continuing contribution to Ontario society.

### PARTNERSHIPS

- 7️⃣ **Stimulates** ongoing visioning of how Catholic education partners can collaborate to serve the interests of Catholic education.
- 7️⃣ **Builds** significant partnerships within and beyond the Catholic community in support of Catholic education.

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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 for all parties and transparent processes and reporting mechanisms to support efficient and effective use of educational resources for students.

For the most part, this year's brief deals with matters that are still outstanding from previous recommendations made by our Association. OCSTA again brings these to your attention as the Association and our member boards continue to see these as matters requiring attention. There are, as well, some new items about which we have concerns and that we would like addressed by the Ministry.

## **TEACHER QUALIFICATIONS AND EXPERIENCE GRANT**

The Teacher Qualification & Experience Grant (“Q & E”) provides funding to offset the cost of teachers who, because of their qualifications and experience, have salaries above the benchmark level used in the Pupil Foundation Grant. There are categories of teachers that are funded not through the Foundation Grant, but through special purpose grants, that are not recognized for Q & E purposes. Since many of these teachers are senior and have higher than average qualifications, their salary cost is higher. To the extent that the salary cost is greater than the funding level in the special purpose grant, there is a gap or shortfall in funding. The criterion that is being used to determine teachers that are eligible for Q & E funding should be amended to include all qualified teachers, regardless of their source of funding.

### **Recommendation 1**

**That the Ministry of Education amend the criteria used to determine those teachers eligible for Q & E funding to include all qualified teachers, regardless of the source from which they are funded.**

## **EMPLOYEE SALARY AND BENEFITS**

OCSTA was pleased that the government acknowledged the existence of the salary gap and took significant steps to address it in the 2006-07 GSN. Improvements were also found in the August, 2007 enhancements. The Ministry's pledge to fully fund the salary enhancements to be delivered as a result of the 2008 Provincial Discussion Table (PDT) agreements is an important development for which our member boards are appreciative.

That employee benefits are under-funded is now acknowledged by the Ministry as well as school boards and teacher federations. In 2002, the government funded benefits at 12% of salary for teaching staff and 15.7% for non-teaching staff. At that time, the Education Equality Task Force reported that updating of benchmarks to meet costs would require a change in rate to 13.1% for teaching staff. The rate for non-teaching staff would have to be improved to 19.2%. The 2006-07 GSN decreased the percentage for teaching staff from 12% to 11.1% of salary and for non-teaching staff from 15.7% to 14.8%, and the 2007-08 GSN maintained these levels. The Ministry has provided \$50M in 2008-09 to partially reduce the disparity between the grant and actual expenditures. OCSTA welcomes this development and appreciates that the Ministry recognizes that a sizeable shortfall remains. The 2009-10 GSN provide an opportunity for the Ministry to further reduce the shortfall in the funding of benefits.

### **Recommendation 2**

**That the remaining shortfall in funding for employee benefits, estimated to be between \$100M and \$150M, be addressed in three additional stages, starting with an additional \$50M in the GSN for 2009-10.**

Concerns have been expressed as to the possible negative effect of employees staying beyond the previous age for mandatory retirement. An aging workforce could increase the incidence of use of certain health benefits and contribute to an increase in overall costs. It must be noted that board costs for employee compensation are increased when more employees (relative to student enrolment) are required in response to implement government initiatives. The negative effect of any funding benchmark shortfalls is multiplied. All of these factors strengthen the argument that benchmarks for employee benefits need to be updated annually to better reflect actual costs.

OCSTA and our member boards would be pleased to assist the Ministry in any way possible to ensure that the necessary refinements are put in place as soon as possible.

### **Recommendation 3**

**That the Ministry immediately undertake a study of the cost of benefits that relate to the end of mandatory retirement and adjust the GSN accordingly for 2009-10.**

## **SPECIAL EDUCATION**

OCSTA appreciates the significant improvements to the funding of Special Education that have been made since 1998. In 2007-08, the GSN initially provided an additional \$25 million to help children with special needs. The mid-August announcement provided a further \$19 million to increase the Special Education Per Pupil Amount (SEPPA). Grants for Special Education now total almost \$2.1 billion. Many school boards, however, continue to express serious concerns about the on-going gap between the cost of current programs and services for students with special needs and current funding levels. Many boards have identified the under-funding of Special Education as one of the most serious problems they are facing in 2009-10.

### **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 must be maintained. It is necessary, however, that benchmarks within the SEPPA allocation be reviewed and updated to better reflect the real costs experienced by boards, particularly at the secondary level. Boards also require resources to refresh and replace the specialized equipment required by some students throughout their academic career, but funded only on a one-time basis. Although the gap between elementary and secondary SEPPA funding has now been narrowed, it has not been closed sufficiently to recognize the cost of on-going services that must be provided to very high-needs students throughout their academic career.

### **Recommendation 4**

**That the Ministry of Education continue to allocate funds for Special Education through a layered process that includes the Foundation Grant, a separate and protected SEPPA grant and funding to recognize the incidence of students with high needs.**

### **Recommendation 5**

**That benchmarks within the SEPPA allocation be reviewed and updated to more closely reflect actual costs to boards, particularly at the secondary level.**

## **Funding for Students with High Levels of Needs**

Separate funding is also provided to boards for students with high needs who require more costly special education services, including teachers, education assistants and other supports. The amount of this allocation varies from board to board based upon the number of these students. Previously a very complex and time consuming administrative procedure had to be used to justify entitlement. Boards are pleased at the streamlining that the Ministry has implemented, but they are concerned that the current enrolment-based high needs amount is not structured to respond to changes in incidence. It cannot be assumed that a decline in overall enrolment means a similar decline in numbers of high needs students. It is essential that a review process be developed to track changes in incidence and adjust funding accordingly on a regular basis.

### **Recommendation 6**

**That the Ministry of Education develop a process to track changes, on a board-by-board basis, in the prevalence of students with high needs in order to inform decisions about funding.**

## 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 schools. 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 2008-09 grant announcements.

Our Boards remain concerned that the Ministry takes an overly prescriptive view about the need for and structure of transportation consortia. Of greatest concern to Catholic boards is their need to retain autonomy to create transportation policies that allow Catholic parents to exercise their rights to Catholic education by having reasonable access to Catholic schools.

### **Recommendation 7**

**That the Ministry of Education review and refine its transportation reform policy in order to accomplish the following:**

- **To make clear the continuing authority and autonomy of school boards to establish policy regarding student transportation within their jurisdiction;**
- **To broaden the definition of acceptable transportation consortia to include a spectrum of cooperative transportation arrangements;**
- **To enable English-language boards that meet the provincial standard of financial efficiency and effectiveness to continue to deliver transportation services independently; and**
- **To include the right to withdraw from a consortium as the final step in the dispute resolution process.**

The GSN for transportation makes no differentiated provision for the amount and type of transportation required for students with special needs. Boards are expected to cover these costs from the over-all transportation allocation. On a per student basis the cost of transportation for students with special needs is many times higher than the cost for other students. Increases in the number of students with special needs can severely impact the total cost of transportation because they often need specialized vehicles and shorter “riding times.” Due to the sizeable difference in the cost of transportation for these students, it would be advantageous if such costs could be addressed separately in the GSN in a manner that allowed the grant to vary with the actual prevalence of needs in each year.

## **Recommendation 8**

**That the Ministry of Education, in consultation and partnership with school boards and their provincial associations, develop an equitable and adequate means of funding transportation of students who have special needs.**

An important premise on which transportation consortia are based is that there will be resultant savings in the cost of transportation to all of the partners. Establishing such consortia has involved front-end costs to the partners. In many cases there are capital costs related to the establishment of independent sites for the consortia and in some cases there are enhanced administrative costs. In cases where the savings are at least equal to the increased costs, there should be few problems other than bridge financing the expenses until the savings catch up. OCSTA is concerned, however, that there will be instances where the additional costs outstrip the actual savings. In such cases, the Ministry should fund the difference.

## **Recommendation 9**

**That the Ministry provide grants to school boards that have incurred start-up and administrative costs in the formation of transportation consortia, if those costs are not recovered from savings in the first three years of operation.**

## DECLINING ENROLMENT

Almost all school boards in Ontario are experiencing some degree of declining enrolment. Declines are particularly evident at the JK/SK intake level. The problem will only get worse as these smaller cohorts progress through the system.

OCSTA is pleased that the issue of declining enrolment is recognized and that a Declining Enrolment Working Group has been established to provide advice and recommendations to the Minister by December 2008 on strategies to advance the province's priority goals for student achievement. The report of the Working Group will be part of the more comprehensive review of the funding formula for 2010. Because of the timing of these initiatives, an interim recommendation is being provided.

Because the GSN are primarily driven by enrolment, even small declines in enrolment have a severe negative effect on revenues. Unfortunately, board expenditures do not follow the same pattern, as they tend to be fixed within certain blocks. Even though there may be enrolment declines overall in a board, the decline at the school level is often less dramatic and does not allow boards to reduce school based expenditures (principally teacher/support staff salaries) to the same degree and in the same time cycle. The problem of reacting at the board office is even more difficult as many of these centralized expenditures are fixed within broad enrolment numbers. It is difficult to adjust transportation services, for example, as bus routes and their costs remain relatively fixed.

The School Foundation Grant and the new Program Enhancement Grant ameliorate some of the effects of lost pupils, as they are not enrolment dependent. There has also been partial relief for declining enrolment in the GSN, particularly through the Declining Enrolment Adjustment Grant. This assistance, however, is not complete and is too short-lived. Boards need more time than is now allowed by the grant to align costs to the sums lost due to declining enrolment.

### Recommendation 10

**That at least as an interim measure pending the finalization of the work of the Declining Enrolment Working Group, the phasing of the allocations from the DEA be changed from the current 3-year period at the rates of 100%, 50% and 25% to a four-year period at the rates of 100%, 75%, 50% and 25% to better reflect the timeframe within which boards are able to adjust their costs.**

Consideration should also be given to another technical change to this grant that would recognize, in a more realistic way, the effects of an enrolment decline on a board's revenues. The present determinant for eligibility for the grant is based on an overall decline in a board's total (elementary and secondary) ADE. In fact, many boards are experiencing a decline in their elementary panel while they have no decline or even an increase in the secondary enrolment. Declines in one panel and some increases in the other panel have a significant effect on the amount of declining enrolment grant a board can receive. Currently, there is the assumption that the costs that "stick" to reduced enrolment in the elementary panel are compensated for by the

increases in the other panel's enrolment. For the most part, this is simply not the case. A reduction of one student per class is huge on a board wide basis, but the ability to reduce costs proportionally at the level of individual schools is marginal at best. Collective agreements, Ministry class size constraints and regulations with respect to school closures reduce the options open to school boards. School closures require quite a bit of time to implement. The processes required for adequate consultation and decision making operate within one panel at a time, for the most part, not across panels. Consideration should be given to calculating the declining enrolment grant on a panel-by-panel basis, rather than on the total enrolment basis currently in use.

## **Recommendation 11**

**That the funding formula be adjusted such that qualifying for the declining enrolment grant be calculated separately for the elementary and secondary panels, rather than on the "net" of the two when they are taken together.**

## NEW INITIATIVES

It has been the practice of the current government to fully fund its new initiatives. The Ministry of Education has an exemplary record in respect to this. What has been more problematical are instances where initiatives start outside the Ministry of Education, but the responsibility for implementation falls to schools. In our 2007 Finance Brief, OCSTA raised the issue of the cost of pipe flushing and water testing. We also raised the matter of suggestions that had been made by the Ministry that called upon school boards to exceed the requirements set by the Ministry of the Environment. OCSTA is pleased that the Ministry of Education, has now clarified that the standard to be met is with respect to mandatory flushing only. We also note from Memo B 10 that, in 2009, the enhancement to the School Operations Grant is identified as the source of funds to address these issues of flushing and testing, as well as other workload issues for custodial and maintenance staff.

This year, we request that the Ministry address two matters. First, under current regulations from the Ministry of the Environment, if schools are of a certain age flushing and testing needs to continue even after successive results of “pass” have been achieved. There is a need, in our view, for another standard where older schools can qualify for substantially less frequent testing and flushing. We believe that appropriate and prompt change to the regulation could best be achieved through contact with the Ministry of the Environment by the Ministry of Education. The result would be less waste of water, which is an increasingly expensive commodity, as well as lower labour and testing costs, with no compromise in student safety.

Second, the enhancement to the School Operations Grant is insufficient to pay for the actual costs associated with flushing and testing experienced by some boards, let alone the other purposes to which the grant is aimed. OCSTA believes that a review of this grant, including its level of funding and the possibility of targeted funding for flushing and testing, should be completed in time for the 2009-10 GSN.

### **Recommendation 12**

**That the Ministry of Education continue its practice of providing full funding for its new initiatives and extend the practice to all new government initiatives such as addressing the cost of testing and daily flushing of water lines in schools.**

## SCHOOL EFFECTIVENESS INITIATIVE

Our member Boards have responded favourably to the Ministry's School Effectiveness Initiative. Their concern is that funding is only guaranteed for one more year. Boards consider that the initiative is a promising step in enhancing student achievement and express confidence that the greatest pay-offs will be after the first year or so. The last year of the guaranteed funding is, unfortunately, too early to evaluate whether the intervention is producing its desired impact. OCSTA asks that the commitment be extended as part of the 2009-10 GSN.

### Recommendation 13

**That the Ministry of Education commit to sustaining the funding for the School Effectiveness Initiative for at least three more years.**

## CAPITAL

### Fall Economic Statement

OCSTA is cognizant of factors dealt with in the Government's Fall Economic Statement of 22 October, 2008. We can identify initiatives in education that we are pleased were not targeted for reductions in the Government's 2008-09 fiscal year. Nevertheless, the 20% reduction in the amount for the School Renewal formula is a serious blow to school boards. The very purpose of the grant was to address building renewal issues that, in many cases, were long overdue. The reduction cannot be accommodated by boards reducing school renewal projects by 20% at each school where they were to begin. Rather, projects will have to be reprioritized, such that some projects will have to be delayed, for some unspecified period of time, while others go ahead.

We note that, in the letter from the Assistant Deputy Minister, school boards should work with this announcement ". . . with the expectation that this is a one-time reduction in renewal funding," while the Minister writes that the intent is to ". . . delay the implementation of and slow down some spending. . . ." This causes us to ask whether the 20% reduction in 2008-09 will be permanent or whether the plan is that it will be made-up in subsequent years?

We also note that boards are encouraged to address their needs for renewal with other capital grants including Good Places to Learn funding. The use of funds for capital needs by school boards have typically integrated the funding from various grants in order to make the most effective and efficient use of resources provided by the Ministry. The announced reduction compromises many well conceived projects because the various sources of funding on which boards counted have already been integrated in the planning for building renewal and expansion.

## OTHER CAPITAL ISSUES

In 1998, the Ministry introduced a comprehensive, objective and transparent formula-based capital funding model that in a predictable and stable manner provided for local decision-making and local priorities. It gave school boards the ability to generate and manage their capital projects, based on their assessment of local needs.

In recent years changes have been made to the original capital funding program, that have negatively impacted school boards' ability to build additional facilities. Boards can no longer qualify for higher capital grants by removing from their facilities inventory schools that have been closed. Declining enrolment, a phenomenon that has become more serious than was originally anticipated, has further fractured a boards' ability to access capital funding under the New Pupil Place grants. Although boards are now required to submit business cases for Growth Schools, Prohibitive to Repair and Replacement School funding, there are no clear and objective criteria whereby they may determine their eligibility for these grants. Boards have expressed concern about a lack of transparency in the provincial decision making process with respect to these grants.

Despite the number and variety of facilities grants that have been put in place, these do not address all of the capital needs of school boards. It is essential that the overall plan and process of capital funding for school boards be re-assessed by the Ministry. Such a reassessment should identify concerns and gaps in the current program and explore a variety of possible approaches to best meet boards' capital needs. A review area approach to the determination of the New Pupil Place Grant, for example, is one option that should be studied.

### Recommendation 14

**That the Ministry of Education, in consultation with school boards, undertake the design of a coordinated, transparent and objective capital funding program that addresses the needs of both growth schools and older existing schools and works efficiently and effectively for both the Ministry and school boards.**

In previous briefs, we have raised serious concern with the inadequacy of benchmarks that relate to the cost of construction and major repairs of school buildings. The 2008-09 GSN contained some improvements for which OCSTA is grateful. The difference between the benchmark and the actual costs that are being incurred is still significant. As a result, in some cases major projects have been delayed. In other cases the higher costs are being incurred, but projects further back in the queue are jeopardized, as there will be no funds left to initiate them. OCSTA believes that, in each year's GSN, the current inflationary pressures must be reflected in the new benchmark as well as a catch-up component.

OCSTA understands that there will be a 7% increase in the capital cost benchmark for all-day child care spaces. The increase is welcome news, but it still leaves the benchmark below current costs for these projects and does nothing for other types of projects.

## **Recommendation 15**

**That the benchmarks utilized in the calculation of funding capital programs be annually updated and adjusted to reflect inflation and other changing costs of construction and to recognize variations in these costs across Ontario.**

School boards anticipate that the expansion of programming for JK and SK, from half-day to full-day, will have implications for capital needs because many Catholic schools are operating at capacity. This raises questions about equity of implementation that could arise. OCSTA takes this opportunity to set out our concerns and a possible solution.

That JK/SK expansion will be “phased in” has been mentioned since the announcement of the initiative was first made. We note that the availability of spaces for program expansion is often not similarly distributed between Catholic boards and their coterminous counterparts. We also note that having full day programming in any particular area (neighbourhood/group of neighbourhoods) will be a strong “recruitment tool” and a competitive advantage. Further, when parents start their child at a particular school, the child tends to remain at that school even if the original reasons for its selection are no longer relevant. As a matter of equity, therefore, OCSTA strongly believes that the roll-out of JK/SK expansion needs to be facilitated with capital funding that allows Catholic and secular boards to implement expansion in a manner that is coterminously similar.

## **Recommendation 16**

**That the Ministry of Education provide adequate and timely funding for the capital needs of school boards so that they can coterminously implement full day programs to JK and SK students.**

Another issue of concern to school boards is the lack of funding support for the construction, repair and maintenance of administrative buildings. There is no room within the existing administrative envelope to cover the cost of major repairs to aging administrative buildings, nor do all boards have access to funds for this purpose as a result of the sale of existing administration buildings.

## **Recommendation 17**

**That the GSN be amended to provide adequate allowance for construction, renewal and maintenance of administrative accommodations of school boards.**

## TECHNOLOGY

In order to function efficiently and effectively, school boards have become more reliant on information technology in both administrative and academic areas. Though a portion of the Foundation Grant provides funding for the latter, there is no specific IT grant for Administrative needs. Computer hardware and software quickly become obsolete and must be refreshed in order to maintain efficiency and effectiveness. Although the cost of hardware has generally decreased over the years, the cost of sophisticated software programs, support and training has escalated. These costs must be funded from the board administration grant and have contributed to expenditure increases over the past few years.

The history of how we got to this point is relevant. When the funding model was implemented in 1998, it was based on historical spending patterns from the “1997 costing framework.” It did not envisage or provide for new, larger and more complex systems of information technology. The funding benchmarks have not been increased since 1998 to recognize these new and more expensive applications of technology. As a result, the current GSN funding model does not provide sufficient funding to cover the ongoing operating costs associated with these larger and more complex technologies that are critical to instructional programs in the 21st century. Also, the GSN does not provide any one-time funding for upgrading of the foundation ICT infrastructure (e.g., servers, network switches and network communications), which has a maximum life cycle of seven-to-ten years, and now needs to be upgraded. The costs associated with the ongoing maintenance and one-time upgrading of these systems are relatively common to all boards in Ontario and need to be addressed through the GSN.

### **Recommendation 18**

**That the Ministry of Education provide school boards with one-time funding for technology upgrading as well as annual funding for ongoing technology upgrades and software maintenance and support.**

A particularly significant example of the increased administrative burden that boards are still facing relates to MISA and OnSIS. School boards have been partially funded by the Ministry to begin the implementation of these initiatives. While boards see the benefits that would arise from the full implementation of MISA and OnSIS, they are concerned with the level of ongoing support and resources provided for these initiatives. The considerable demands on staff time associated with MISA and OnSIS are occurring at the same time that some boards, in order to balance this year’s budget, have had to reduce their IT staff and programs. If boards are to complete the implementation of these initiatives within the required timelines, they will require additional assistance.

## **Recommendation 19**

**That the Ministry of Education review the implementation of MISA and OnSIS with a view to amending the timelines to more attainable dates and providing school boards with additional resources for these programs.**

### **MONITORING THE IMPACT OF THE FUNDING FORMULA**

OCSTA appreciates the government's ongoing commitment to publicly-funded education and student success. We welcome the funding that has been provided to meet the government's priorities in primary class reduction, student success, and lower drop-out rates. Catholic school boards support these initiatives and are proud of the positive results they are achieving.

With one notable exception, Catholic school boards have filed balanced budgets for 2008-09. Boards have resorted to a number of one-time solutions to achieve a balanced budget, including the draw-down of reserves, reducing administrative, academic and support staff, deferral of maintenance and discretionary expenditure reductions in non-staff areas.

OCSTA recognizes and is thankful for the efforts of the Ministry to address some of the benchmark and technical issues in the funding formula. OCSTA supports the creation of working groups to deal with specific education funding issues, but must continue to emphasize the value to the Minister and to education of an on-going provincial committee dealing with the education funding model as a whole. OCSTA shares the Minister's concerns regarding the impact of piecemeal refinements to the funding model.

In our 2007 Finance Brief, OCSTA expressed its concerns about the previous funding of increases to the salary benchmark through the realignment of grants, chiefly the Local Priorities Allocation and the Learning Opportunities Grant. The former was eliminated and the latter significantly reduced.

The elimination of the Local Priorities Allocation decreased funding flexibility and school boards' ability to fund programs that are not otherwise funded or not fully funded by the GSN. This was problematic for Catholic school boards because they often use a portion of this grant to support distinctively Catholic programs such as chaplains, faith animators, student retreats or faith formation for staff. Because the loss of this flexibility puts the funding of these programs and services in jeopardy, boards have had to reorganize services and/or find alternative funding for these programs.

The decrease in the Learning Opportunities Grant affected boards to different degrees. For some boards, the realignment had a negligible effect and the transfer to the salary benchmarks was program neutral. For other boards, particularly some large and medium size urban boards, the reduction in the LOG produced a negative impact on programs for at-risk students. In brief to the extent that LOG money was being used to pay for salaries, the transfer did not affect program. In contrast, when LOG dollars that were supporting programs were transferred to salary, the

financial basis for that programming was lost. Moving forward it is essential that funding allocations are sufficient to enable school boards to provide quality programs and services for students at risk, in order to close the achievement gap.

The impact of this realignment points out the difficulty of attempting to fix flaws in the funding formula through transfers from one grant to another. Such transfers are particularly problematic when monies are transferred out of a special purpose grant to a foundation grant. Attempts to address outdated benchmarks within the Foundation Grant through increases to Special Purpose Grants will produce inequitable results, as Special Purpose Grants are not equally distributed to school boards. An on-going provincial advisory committee could assist the government in monitoring the overall impact of changes to any part of the funding formula.

OCSTA sees such a provincial committee as a viable solution to this problem. This 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.

In 2002, the Education Equality Task Force recommended that the Ministry, in consultation with school boards and other members of the education community, develop mechanisms for annually reviewing and updating benchmarks in the funding formula. In the 2004-05 Technical paper, the Ministry committed to establishing such a process. The provincial advisory committee proposed by OCSTA could serve as the vehicle for such a review. 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 20**

**That the Minister of Education create a provincial advisory committee, including representation from provincial education associations and Ministry officials, to monitor the impact of the funding formula and provide on-going advice to the Minister on funding issues.**

## TAXATION

It continues to be recommended by some that local school boards be allowed to levy ratepayers in a “limited” way. This is proposed as the solution to school boards’ current funding difficulties and the way to find new money for education without imposing a heavier burden on the provincial budget. OCSTA would strongly oppose a return to any type of local tax levy by school boards.

The introduction of the current funding model remedied the inequity of assessment wealth as a source of education financing. Prior to 1998, the greatest impediment to the achievement of equality of educational opportunity for Ontario’s students was unequal access to assessment wealth by school boards. This inequality occurred in every coterminous situation and it was multiplied on a geographic basis. Because of the default mechanism in the assessment system, secular boards always have greater assessment wealth than Catholic boards, and English boards always have greater assessment wealth than French boards. Geographically, because urban areas have more assessment wealth per student than rural areas, some boards had a greater ability to generate wealth by levying mill rates than did other boards.

While financial autonomy was theoretically available to Catholic and French boards in the past because of their “unfettered ability to set mill rates,” it was not practically available, since these boards needed to match local mill rates with the assessment-richer coterminous secular boards in order to avoid an exodus of ratepayers. This inevitably yielded less revenue per student and denied equality of educational opportunity.

It should be noted that a return to local taxation would not relieve the Government’s financial responsibility for education. The Government’s stated legal commitment to equality of educational opportunity would preclude a return to local taxation without full equalization by the province through the grant system. The fiscal burden for the government to equalize would be significant. If the province did not commit itself to full equalization, then there would be a return to the wasteful competition for local assessment that characterized the old funding model. Any money spent on the resumption of local taxation would be much better spent on education.

### **Recommendation 21**

**That taxation powers in regard to education remain fully within the mandate of the provincial government and that a return to any type of local tax levy by school boards would be strongly opposed by OCSTA.**

## **SUMMARY AND CONCLUSIONS**

There are three themes addressed in this brief: past and current initiatives by the Ministry; current issues that need to be addressed; and concerns for the future that emanate from recent events.

### **Ministry Initiatives**

In the past decade, there have been real and significant changes to the funding of education in this province. These changes have brought about equity and there have been adjustments to some benchmarks that have addressed some concerns over adequacy. Most recently, Ministry initiatives have resulted in Provincial Discussion Table agreements that have had and, we believe, will continue to have a beneficial impact on labour relations in Catholic school boards. These impacts will contribute to the financial stability of boards by making their labour costs and corresponding income predictable. They will contribute to student learning by removing an important source of potential strife as well as encouraging ongoing practices that can lead to more effective conflict resolution than -- seemingly -- endless arbitrations.

OCSTA is thankful for many of these changes and considers that both Ministry and board priorities have been advanced in the process. OCSTA is also pleased with the reception that we have received from the Minister and her officials to previous Finance Briefs, other correspondence and meetings dealing with financial and other issues in the education sector. Indeed, we look forward to even more opportunities being created to facilitate these exchanges.

### **Current Issues**

Just as Rome was not built in a day, not all matters raised previously have been addressed to our satisfaction. There continue to be issues yet to be addressed and we have made note of many of them in this Finance Brief. As has been our practice, we have offered some possible solutions rather than being satisfied to only list what we see as problems.

### **Concerns about the Future**

The Ministry has encouraged boards to engage in medium and long term planning in academic and non-academic spheres of operation. Our member boards have responded and they have worked with school communities on that basis. To be successful, longer term planning requires trust in the present and confidence in the future on the part of all parties. Sudden changes, such as the recent and current financial situation have, understandably, caused the Government to re-think implementation of parts of its program. The reduction of 20% in the School Renewal Grant for 2008-09 will shake the confidence of many school communities that have their project fully postponed. It is of particular concern to boards that this may be only the first in a series of announcements that could undermine not only plans for the future, but existing programs as well.

Please be assured that OCSTA is willing and prepared to confer with the Minister, her officials and staff on questions of future changes to the funding of education.

## **SUMMARY OF RECOMMENDATIONS**

### **Recommendation 1**

**That the Ministry of Education amend the criteria that are being used to determine those teachers eligible for Q & E funding to include all qualified teachers, regardless of the source from which they are funded.**

### **Recommendation 2**

**That the remaining shortfall in funding for employee benefits, estimated to be between \$100M and \$150M, be addressed in three additional stages, starting with an additional \$50M in the GSN for 2009-10.**

### **Recommendation 3**

**That the Ministry immediately undertake a study the cost of benefits that relate to the end of mandatory retirement and adjust the GSN accordingly for 2009-10.**

### **Recommendation 4**

**That the Ministry of Education continue to allocate funds for Special Education through a layered process that includes the Foundation Grant, a separate and protected SEPPA grant and funding to recognize the incidence of students with high needs.**

### **Recommendation 5**

**That benchmarks within the SEPPA allocation be reviewed and updated to more closely reflect actual costs to boards, particularly at the secondary level.**

### **Recommendation 6**

**That the Ministry of Education develop a process to track changes, on a board-by-board basis, in the prevalence of students with high needs in order to inform decisions about funding.**

### **Recommendation 7**

**That the Ministry of Education review and refine its transportation reform policy in order to accomplish the following:**

- **To make clear the continuing authority and autonomy of school boards to establish policy regarding student transportation within their jurisdiction;**

- To broaden the definition of acceptable transportation consortia to include a spectrum of cooperative transportation arrangements;
- To enable English-language boards that meet the provincial standard of financial efficiency and effectiveness to continue to deliver transportation services independently; and
- To include the right to withdraw from a consortium as the final step in the dispute resolution process.

### **Recommendation 8**

**That the Ministry of Education, in consultation and partnership with school boards and their provincial associations, develop an equitable and adequate means of funding transportation of students who have special needs.**

### **Recommendation 9**

**That the Ministry provide grants to school boards that have incurred start-up and administrative costs in the formation of transportation consortia, if those costs are not recovered from savings in the first three years of operation.**

### **Recommendation 10**

**That at least as an interim measure pending the finalization of the work of the Declining Enrolment Working Group, the phasing of the allocations from the DEA be changed from the current 3-year period at the rates of 100%, 50% and 25% to a four-year period at the rates of 100%, 75%, 50% and 25% to better reflect the timeframe within which boards are able to adjust their costs.**

### **Recommendation 11**

**That the funding formula be adjusted such that qualifying for the declining enrolment grant be calculated separately for the elementary and secondary panels, rather than on the “net” of the two when they are taken together.**

### **Recommendation 12**

**That the Ministry of Education continue its practice of providing full funding for its new initiatives and extend the practice to all new government initiatives such as addressing the cost of testing and daily flushing of water lines in schools.**

### **Recommendation 13**

**That the Ministry of Education commit to sustaining the funding for the School Effectiveness Initiative for at least three more years.**

### **Recommendation 14**

**That the Ministry of Education, in consultation with school boards, undertake the design of a coordinated, transparent and objective capital funding program that addresses the needs of both growth schools and older existing schools and works efficiently and effectively for both the Ministry and school boards.**

### **Recommendation 15**

**That the benchmarks utilized in the calculation of funding capital programs be annually updated and adjusted to reflect inflation and other changing costs of construction and to recognize variations in these costs across Ontario.**

### **Recommendation 16**

**That the Ministry of Education provide adequate and timely funding for the capital needs of school boards so that they can coterminously implement full day programs to JK and SK students.**

### **Recommendation 17**

**That the GSN be amended to provide adequate allowance for construction, renewal and maintenance of administrative accommodations of school boards.**

### **Recommendation 18**

**That the Ministry of Education provide school boards with one-time funding for technology upgrading as well as annual funding for ongoing technology upgrades and software maintenance and support.**

### **Recommendation 19**

**That the Ministry of Education review the implementation of MISA and OnSIS with a view to amending the timelines to more attainable dates and providing school boards with additional resources for these programs.**

## **Recommendation 20**

**That the Minister of Education create a provincial advisory committee, including representation from provincial education associations and Ministry officials, to monitor the impact of the funding formula and provide on-going advice to the Minister on funding issues.**

## **Recommendation 21**

**That taxation powers in regard to education remain fully within the mandate of the provincial government and that a return to any type of local tax levy by school boards would be strongly opposed by OCSTA.**

**Ontario Catholic School Trustees' Association**  
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**2008-2009**

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