

**Student-Focused Funding:  
Adequacy Is The Issue**

A Brief to the Education Equality Task Force

September 20, 2002

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## Executive Summary

Founded in 1930, the Ontario Catholic School Trustees' Association (OCSTA) 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/OAC.

The Mission of all Catholic school boards and their schools is to create a faith community where religious instruction, religious practice, value formation and faith development are integral to every area of the curriculum. This is in addition to providing a complete curriculum as defined by the Ministry of Education.

Throughout the process of education finance reform, OCSTA has appreciated the government's recognition of and respect for the constitutional rights and unique mandate of Ontario's four publicly funded systems. This commitment is reflected in the mandate of this Task Force.

These discussions on education funding are a necessary and welcome initiative at a critical point in the refinement of Ontario's student-focused funding model. The introduction of the current model in 1998 was the culmination of the very comprehensive education finance reform initiative that spanned several years and involved education stakeholders from across Ontario. The move to student-focused funding constituted a significant move on the part of the government, promising every student in the province for the first time in history access to equality of educational opportunity. OCSTA and the Catholic school boards of Ontario state again our position that the foundation of equity for all children upon which the funding model is built, now a legal requirement under the Education Act, must be maintained.

The fundamental structure of the current funding model, which guaranteed fairness, remains sound and must be continued. Having said this, OCSTA must also emphasize the urgent need to update immediately the benchmarks within the funding formula to recognize and fund increases in boards' costs since 1997. The benchmarks must be increased to accommodate inflationary pressures. In addition, a mechanism to review the formula on a regular, on-going basis is required to ensure it remains responsive to changing educational needs and boards' real costs.

OCSTA has consistently highlighted four critical standards for assessing any model of education funding:

1. A funding formula must distribute education dollars **equitably** among all Ontario school boards and their students.
2. The level of funding for education must be **adequate** to ensure quality education for today's students.
3. 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.
4. The educational funding model must include mechanisms which ensure **accountability** of all parties and transparency of process and reporting in regard to the efficient and effective use of educational resources for students.

OCSTA's full brief references these standards and how we believe they must be supported in the recommendations of the Task Force.

## **Equity**

Prior to the introduction of student-focused funding, a wide range of spending levels existed across school boards, including coterminous boards, related directly to the uneven distribution of boards' assessment wealth. Assessment wealthy school boards were able to provide programs and services for students completely beyond the reach of assessment-poor boards.

The current funding formula has made significant progress toward providing equality of educational opportunity for all students. The foundation grant provides the same base level of funding for each student. Additional funds are allocated through ten special purpose grants that respond to needs or costs specific to some boards and some students. The model recognizes differences in students' needs and allocates resources equitably to meet them.

There has been considerable movement toward equity in most parts of the province, with the exception of areas where transition funding has postponed equity. OCSTA recognizes that because of the implications of equity for some Ontario school boards and their students, a phase-in strategy was initially required. At this point, however, any further transition funding, any one-time grants or any refinements to on-going grants that would jeopardize equity would be unacceptable to Catholic school boards.

## **Adequacy**

OCSTA sees the current formula as a sound and effective allocation method to fund quality education as defined by the province in 1997. The cost of delivering that education, however, has changed significantly since that time. For the most part, the benchmarks within the formula have not been revised and have fallen far behind boards' real costs. The costs of technology in the classroom, salaries and benefits and utilities, for example, have increased greatly in the past five years. The benchmarks require immediate updating to reflect inflationary pressures impacting school boards since 1997. Additional funding is also needed to account for new costs resulting from provincial educational initiatives and requirements introduced since the advent of the current model.

The ongoing credibility of the funding model depends on its ability to remain responsive to educational realities of the day and changes in costs. At the moment, the model lacks any inherent mechanism for adjusting funding to match real costs, including the many costs that are beyond the control of school boards. OCSTA advocates the creation of a provincial advisory committee, representing school boards and provincial education stakeholders, to assist the government with the ongoing review, refinement and updating of the formula for the future.

## **Autonomy/Flexibility**

School boards must retain the ability to utilize funds in a manner that is consistent with their mandate and that best meets local needs. Although the current funding model provides no specific, direct recognition of the unique needs of Catholic education, it affords Catholic boards the freedom, guaranteed constitutionally, to fulfill their distinctive mission. Catholic boards must maintain their ability to perform functions essential to their Catholic identity, including providing a Catholic curriculum, building schools where the Catholic population is located, transporting students to Catholic schools and hiring chaplains and faith animators for the spiritual development of students and staff.

The Local Priorities amount provides additional flexibility for school boards to direct resources to meet local needs. Although the grant is appreciated, OCSTA is concerned that extensive reliance on this grant would in the long run undermine the basic commitment of student-focused funding to fund what it costs to provide quality education. If each area within the funding formula were adequately funded, boards would in fact have the fiscal flexibility they require.

OCSTA strongly opposes any return to a locally determined tax levy, even on a modest basis, as a means of providing local flexibility, for the principle reason that inequity among school boards would inevitably result. Students in assessment-poor school boards, including all Catholic boards, would once again be disadvantaged.

## **Accountability**

OCSTA supports a system of education funding that is accountable and transparent to all parties involved. To be efficient and effective, reporting mechanisms must be reasonable in number and size and produce understandable and useful information. Because increased accountability requirements for school boards are coinciding with decreased administrative supports, more school-based personnel are now involved. The bureaucratic workload of both groups has increased to the detriment of other educational functions. A systematic audit of provincially-mandated accountability processes should be undertaken and appropriate adjustments made and funded.

## **The Need for Stability**

Reliable multi-year grant forecasts, coupled with adequate resources, will enable boards to engage in effective long-term planning and will afford increased flexibility. Multi-year forecasts are critical in regard to the negotiation and funding of staff salaries and benefits. Adjustments made to salary benchmarks have not kept pace with compensation increases in the broader public sector. Salaries of OPSEU workers, for example, have increased by 8.8% since 1997. During the same period, provincial salary benchmarks for most school board employees have been increased by only 1.95%, and for other employees have remained unchanged. These benchmarks must be immediately revised to reflect increases within the broader public sector.

## **Special Education**

Almost all Catholic school boards are spending more than their current allocation to fund special education programs and services. Because the current allocation for special education is insufficient to meet students' needs, boards must use additional funds from other allocations to fund special education programs and services. The funding benchmarks must be updated to reflect board's actual costs.

Refinements to date of the ISA funding process have been helpful. Efforts to reduce the administrative burden associated with the process should continue. The special education grant formula will not in fact be fully implemented as intended, however, until boards are allowed to receive the level of ISA funding for which they have actually qualified. This should occur immediately.

## **Transportation**

The student population of most Catholic school boards is less densely concentrated than that of the coterminous public board and therefore is likely to have more need for transportation services. In Catholic boards, local service

standards such as walking distances and time on the bus have an important impact on the daily lives of a large proportion of students and parents.

It is essential that Catholic boards retain full autonomy in determining local policies and service standards, not only to meet the program requirements for schools and students, but also to ensure the accessibility of a Catholic school to those families who choose Catholic education for their children.

Catholic school boards have a long history of cooperation with public boards and other partners to find cost savings in student transportation. It is our position, however, that participation in formalized transportation consortia must be on a voluntary basis only. Any provincial framework for transportation cooperatives must allow for a variety of models that respond to local needs and result in cost efficiencies or service improvements for all parties involved.

OCSTA urges the government to proceed as quickly as possible with the implementation of a new and more realistic transportation formula to provide adequate funding to school boards on a permanent basis.

### **School Renewal**

The funding of major maintenance projects through the current school renewal allocation provides a fair and planned approach to school renewal. The adequacy of the current level of funding for repairs and renovations is a matter of concern, however. Renewal grants are inadequate to cover the accumulated backlog of deferred maintenance in addition to meeting the on-going building component life-cycle requirements of aging schools. The renewal cost per square foot must be adjusted to reflect increases in construction costs and new building codes. A graduated scale must be developed to recognize the variation in renewal costs resulting from the age of buildings, particularly those built over 40 years ago. The RECAP initiative should be pursued as a means of objectively evaluating school renewal needs and adjusting the grant accordingly.

### **Conclusion**

OCSTA is pleased to have been able to assist the government and our other provincial education partners to realize the improvements in education funding that have been achieved to date. We see this Task Force as an important and timely opportunity to develop and advocate further refinements that will strengthen equity and ensure adequacy. We pledge our cooperation and support for all initiatives that achieve these crucial goals.

## **Summary of Recommendations - Ontario Catholic School Trustees' Association**

### **Recommendation 1**

That the fundamental structure of the student-focused funding model be maintained.

### **Recommendation 2**

That all recommendations made by the Task Force serve to maintain the fundamental commitment to equity upon which the model is built.

### **Recommendation 3**

That the levels of the benchmarks within the funding formula be immediately reviewed and revised to reflect inflationary pressures impacting school boards since 1997.

### **Recommendation 4**

That funding levels be increased to ensure that the additional costs to school boards resulting from legislative or regulatory initiatives from any level of government since 1997 are recognized.

### **Recommendation 5**

That an advisory committee be created with representation from education partners and the province to monitor the impact of student-focused funding and to provide on-going advice to the Minister on funding issues.

### **Recommendation 6**

That the assignment of expenditures to classroom and non-classroom categories be monitored and reviewed.

### **Recommendation 7**

That the funding allocations generated by the student-focused funding model be enhanced by adjustments to the foundation grant, and, where necessary, special purpose grants rather than to the local priorities amount.

**Recommendation 8**

That the total taxation levy for elementary and secondary education continue to be determined provincially.

**Recommendation 9**

- a) That a systematic audit of provincially-mandated accountability processes affecting all aspects of school board funding be initiated to assess their efficiency, effectiveness and impact on board operations.
- b) That, following such an audit, the number and scope of accountability mechanisms and the funding benchmarks within the Administrative and Governance envelope be adjusted appropriately.

**Recommendation 10**

That the benchmarks for salaries and benefits be immediately revised to reflect increases in compensation costs within the broader public sector since 1997, and adjusted accordingly on an on-going basis.

**Recommendation 11**

That the funding benchmarks within the special education grant be updated to realistically reflect boards' costs.

**Recommendation 12**

That boards who have now qualified for ISA funding in excess of their current stable allocation be allowed to move to that level of funding immediately.

**Recommendation 13**

That the Ministry of Education and its ISA Working Group continue their efforts to reduce the administrative burden of the process by which boards qualify for ISA funding.

**Recommendation 14**

That school boards retain the flexibility required to allocate special education resources in a manner that best serves the needs of students.

**Recommendation 15**

That the development of provincial transportation policies impacting Catholic school boards respect the principles of local board autonomy, access to Catholic schools, focus on students, multiple models, reducing cost and improving service as outlined in the OCSTA submission.

**Recommendation 16**

That the government proceed as quickly as possible with the implementation of a new and more realistic transportation formula to provide adequate funding to school boards on a permanent basis.

**Recommendation 17**

That the benchmark renewal costs per square foot be adjusted to reflect current construction and renovation costs, and the current building code.

**Recommendation 18**

That the benchmark renewal costs per square foot be further graduated to recognize the higher costs associated with maintaining older school buildings.

**Recommendation 19**

That the Ministry of Education continue the RECAPP initiative as a means of objectively evaluating school renewal needs and adjusting the grant accordingly.

## Preamble

Founded in 1930, the Ontario Catholic School Trustees' Association (OCSTA) represents 29 English-language Catholic District school boards and five Catholic school authorities. Collectively, these school boards educate over 600,000 students from junior kindergarten to grade 12/OAC. The text and recommendations that follow represent the views of Ontario's English-language Catholic education system.

The Mission of all Catholic school boards and their schools is to create a faith community where religious instruction, religious practice, value formation and faith development are integral to every area of the curriculum. This is in addition to providing a complete curriculum as defined by the Ministry of Education.

From a Catholic perspective, the purpose of education is not only the transmission of knowledge but also the formation of the whole person, that brings students to a personal integration of faith and life. Catholic schools are responsible for imparting Catholic doctrine in a faithful and systematic way, in order to initiate students into the fullness of Christian life and to elicit in response a personal commitment to a Christ-like way of life.

In the province of Ontario, Catholic school boards provide this education according to the constitutionally-determined rights of Roman Catholic parents. *S.1(4.1)* of the *Education Act* states that "every authority given by this Act, including but not limited to every authority to make a regulation, decision or order and every authority to issue a directive or guideline, shall be exercised in a manner consistent with and respectful of the rights and privileges guaranteed by section 93 of *The Constitution Act, 1867* and by section 23 of *The Canadian Charter of Rights and Freedoms*."

## Introduction

OCSTA is pleased to have this opportunity to provide input to the Education Equality Task Force and its discussions on education funding. We commend the government and the Ministry of Education for this necessary and timely initiative at what we see as a critical point in the refinement of Ontario's new student focused funding model.

As the Association representing Ontario's 29 English language Catholic school boards and 5 school authorities, OCSTA has appreciated throughout the process of education finance reform the government's recognition of, and respect for, the constitutional rights and unique mandate of Ontario's four publicly funded school systems. We note the commitment of the government and the Minister of Education, as reflected in the Task Force's terms of reference, to continue in this direction. In order to assist the Task Force to better understand the history, nature and rights of the Catholic school system, we have previously submitted a separate brief, entitled "*The Education Funding Model and Catholic Education in Ontario.*" This document is appended to our submission today.

OCSTA has worked collaboratively with the government and our many provincial education partners throughout the process of education finance reform, which began in the early 1990s and culminated in the introduction of the current student focused funding model in March, 1998. OCSTA has monitored the implementation of the model and its impact on Catholic school boards. Based on our findings, OCSTA has provided on-going input to the Minister and Ministry staff, particularly through annual finance briefs, regarding necessary refinements to the model. We are pleased that several of our recommendations have been implemented. OCSTA appreciates the opportunity to now work with this Task Force to find ways to make student focused funding even more responsive to students' needs.

OCSTA has consistently acknowledged the government's significant and historic move to a funding system that for the first time promises every student in Ontario access to equality of educational opportunities. We wish to state again today, clearly and unequivocally, the position of the Catholic school boards of Ontario that the legal requirement now stated in the Education Act for "fair and non-discriminatory funding" and the foundation of equality of educational opportunity for all children upon which the funding model was built **must** be maintained. Any recommendations the Task Force may make must not weaken in any way the commitment to equity of opportunity for all children.

## Recommendation 1

**That the fundamental structure of the current student-focused funding model be maintained.**

The structure of the current funding model guarantees fairness and remains sound.

There is, however, an urgent need to immediately update the benchmarks and increase the level of funding the model allocates and to put in place a mechanism to ensure on-going adequacy in funding for the years ahead.

Since the current funding model was introduced we have re-iterated our belief that one of its strengths would lie in its ability to enable all those committed to quality education in the Province of Ontario to work together to ensure that the level of funding for education is and remains adequate. We see the work of the Task Force as an important and most timely opportunity to develop and advocate for refinements to the financing of education in Ontario that will strengthen equity and ensure adequacy. We pledge our co-operation and support for initiatives that will achieve these crucial goals.

In all of our discussions regarding education finance reform, and in the months prior to the release of the current funding formula, OCSTA highlighted four critical standards for assessing any model of education funding:

1. A funding formula must distribute education dollars **equitably** among all Ontario school boards and their students.
2. The level of funding for education must be **adequate** to ensure quality education for today's students.
3. 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.
4. The educational funding model must include mechanisms that ensure **accountability** of all parties and transparency of process and reporting in regard to the efficient and effective use of educational resources for students.

The brief that follows will reference each of these four critical standards and the way in which we believe they must be reflected in the recommendations of the Task Force. In addition, these four key principles will provide the framework within which we will comment on some specific aspects of the Task Force's current mandate.

## Equity

Prior to the introduction of student-focused funding, a wide range of income and spending levels existed across school boards, related directly to the uneven distribution of boards' assessment wealth. In 1995-96 for example, according to An Analysis of School Board Spending Patterns, prepared by Ernst and Young for the Ontario Ministry of Education and Training, per pupil spending varied from a low of \$4723 to a high of \$9148.

Discrepancies in spending between boards within a particular jurisdiction also existed, despite the fact that both boards were educating students from the same community. In 1995, for example, according to the same Ernst and Young report, per pupil operating expenditures in the Toronto public board were \$7,571 while the Catholic board in Toronto spent only \$5,872.

Assessment wealthy school boards, Catholic or secular, were able to provide programs and services completely beyond the reach of assessment-poor boards. The advent of the current funding model, in principle and structure, promised for the first time in the history of Ontario equality of educational opportunity for all children in the province no matter where they live or which publicly funded system they attend. Children in assessment-poor school boards, public or Catholic, English or French, rural or urban, would no longer be disadvantaged.

The current education funding model has in fact made significant progress towards providing equal education opportunities for all Ontario students. Past inequities, rooted in reliance on the local tax base for substantial portions of education funding, have been largely eliminated.

The structure of the funding model supports equity. The Foundation Grant provides every school board with the same base level of funding for each student. Additional funds are allocated through ten special purpose grants that respond to costs or needs specific to some boards and some students. Every board receives funding under the same set of rules.

All students in Ontario are expected to meet the same standards, to succeed on the same tests and ultimately to compete for and perform successfully in the same jobs. All students must also, therefore, have access to the educational resources they require to achieve those goals. This does not mean that every student must have the same number of dollars spent on his or her education. Clearly, some students need more resources than others. The student-focused funding model recognizes differences in students' needs and allocates resources equitably to address them.

Communities vary widely across Ontario and school boards in different communities face different costs in providing equality of educational opportunity for their students. Because of the sparsity of their student

population, school boards in northern Ontario, for example, face extraordinary costs associated with delivery of programs and services. The current funding model, through the special purpose grants, provides funds for such additional costs. OCSTA supports the funding model that recognizes differences in identifiable costs beyond a school board's control. At the same time, fairness demands that school boards within the same community, serving students with similar needs and experiencing essentially the same costs, have the same level of resources in order to provide programs and services of equal quality.

Implementation of the model has resulted in considerable movement toward equity. Some exceptions exist, however, where transition funding has been used to maintain the status quo rather than to facilitate change. We recognize that because of the implications of equity for some Ontario school boards and their students a phase-in strategy was required. At this point, however, when the impact of such funding is almost at an end, OCSTA must stress to the Task Force that we do not support any additional transition initiatives.

Since the introduction of student-focused funding, OCSTA has acknowledged and appreciated refinements made to various parts of the formula, as well as the examples of one-time funding provided to all Ontario boards to address special circumstances not covered by the formula. We have also been alert, however, to the impact of each of these adjustments across the four publicly funded systems. We have urged the government to continue to maintain the integrity of the model and its fundamental commitment to equity in the face of all such adjustments. We now urge the Task Force to reconfirm that commitment. One time grants or transition funding cannot be allowed to jeopardize equity.

## **Recommendation 2**

**That all recommendations made by the Task Force serve to maintain the fundamental commitment to equity upon which the student-focused funding model is built.**

## **Adequacy**

OCSTA shares the government's view that elementary and secondary education must continue to be a high priority provincially. It is critical that its importance be reflected in its share of the provincial budget.

The education finance reform initiative was a comprehensive provincial effort that resulted in the definition of a standard quality educational experience for Ontario's elementary and secondary students. The resulting funding model established a basic per pupil amount applicable to all boards, and added special purpose grants to recognize boards' unique and varied circumstances and needs. OCSTA supports this approach as a fundamentally sound and effective mechanism for allocating education funding.

The funding model implemented in 1998 implied and supported levels of services and programs that all school boards in Ontario should be able to afford. Satisfaction with those defined levels of service varied across the education sector in 1998, affected largely by boards' actual spending levels at that time. Although we find these service levels, in general, supportable, OCSTA has expressed to the government concern about some of them since 1998.

Even now, there remain in the province, sizeable variations in the level and scope of programs, services and facilities available to students. Although all boards would wish to have access to the highest levels of each of these, current economic and political realities make this unlikely.

OCSTA supports the provincial definition of the program and service elements necessary within a quality education. We see the current funding formula as a sound and effective allocation method for funding quality education as defined in 1997. The cost of delivering that education however, has changed significantly since 1997. The Consumer Price Index, one indicator of rising costs, has risen over 11% since that time. The benchmarks within the funding formula, based on 1997 costs, do not reflect the inflationary pressures school boards have experienced since that time nor have these pressures been sufficiently accounted for in annual legislative grants. Many of the benchmarks have fallen far behind real costs and require immediate updating. The costs of technology in the classroom, salaries and benefits and utilities, for example, have increased greatly in the past five years. As a result of escalating costs, school boards require an immediate and significant increase in funding if they are to deliver the level of educational programs and services envisioned in 1997.

### **Recommendation 3**

**That the levels of the benchmarks within the funding formula be immediately reviewed and revised to reflect inflationary pressures impacting school boards since 1997.**

Further, boards require additional funding to account for additional costs resulting from new requirements and initiatives introduced by the province since 1997. Substantial costs associated with the implementation of the new curriculum, standardized testing, student suspension and expulsion requirements, and criminal records checks, for example, have had to be absorbed by school boards without corresponding increases in provincial allocations. Other regulatory requirements such as those relating to health and safety and water quality, as well as changes to the provincial or municipal building code have also generated cost pressures that are not reflected in the benchmarks.

#### **Recommendation 4**

**That funding levels be increased to ensure that the additional costs to school boards resulting from legislative or regulatory initiatives from any level of government since 1997 are recognized.**

Catholic school boards have a history of cost-effective operations. They will continue to carefully manage their resources and remain accountable to their communities and taxpayers for their spending. OCSTA is deeply concerned, however, about the impact of the growing gap between the provincial funding benchmarks and boards' actual costs on services available to students. Without immediate revisions to the benchmarks and therefore to funding, the ability of Catholic boards to maintain the service level that existed in 1998 will erode.

### ***Need for On-going Review***

As we stated earlier, the Task Force's review of education funding is welcome. OCSTA is hopeful that the work of the Task Force will lead to recommendations to address the central issue of adequate funding and that these can be implemented immediately. As helpful as increases at this time would be, however, we must stress that a one-time updating is not sufficient.

In order to remain credible and to continue to provide the kinds of programs and services that students require to achieve success, the funding model must be systematically reviewed and updated on an on-going basis. At the moment, the model lacks any inherent mechanism for adjusting funding to match real costs, including the many costs that are beyond the control of school boards.

OCSTA has long advocated the creation of an advisory committee, made up of representatives from local school boards and provincial education organizations, to provide an appropriate, on-going forum for the review, refinement and updating of the funding formula. This committee would recommend to the Ministry and the government ways to ensure a fair and equitable distribution of provincial funds and a system to track changes in costs to school boards. The committee would also be a vehicle through which the government could address emergent issues and recognize new initiatives.

The education price index that was calculated under the former funding model and that provided information to Cabinet as it considered new funding initiatives could serve as one useful model an advisory committee could use as the basis of regular updating of the data in the costing framework.

### **Recommendation 5**

**That an advisory committee be created with representation from education partners and the province to monitor the impact of student-focused funding and to provide on-going advice to the Minister on funding issues.**

## **Autonomy/Flexibility**

The current funding formula was created as a mechanism for allocating funds and not for rigidly defining how they must be spent. Simply put, it is a funding formula, not a spending formula. In order to best serve the needs of their students, boards must retain the ability to utilize funds according to local needs and the wishes of the local community.

Catholic school boards require autonomy and flexibility in spending in order to fulfill their distinctive mission. It is essential that Catholic boards maintain and even enhance their ability to provide a religiously-based curriculum and perform other functions essential to their Catholic identity. These include, for example, the ability to purchase sites and build schools where the Catholic population is located, to transport students to Catholic schools, to produce and provide Catholic curriculum, and to hire chaplains and faith animators for the spiritual development of students and staff.

It is the autonomy and flexibility within the current funding formula that allows Catholic boards the freedom, guaranteed constitutionally, to fulfill their distinctive mandate, since the formula provides no direct recognition of the unique needs of Catholic education.

The enveloping within the funding formula places limits on how boards can use their revenues. The enveloping in general is appropriate to support specific programs and services such as classroom spending and special education.

In addition to enveloping within the funding model boards are also subject to provincial legislation and regulation that further direct spending. The combination of funding envelopes and the many Ministry regulations impacting school boards have the cumulative effect of reducing spending flexibility to a sometimes problematic degree.

School boards have expressed concerns about some costs related to the classroom that are now placed in non-classroom categories. Short-term borrowing to meet teacher payroll costs, for example, is now categorized as an administrative cost though teachers' salaries are within the classroom envelope.

## **Recommendation 6**

**That the assignment of expenditures to classroom and non-classroom categories be monitored and reviewed.**

### ***Local Priorities Amount***

In the past two years most of the increases to the funding formula have come in the form of local priorities grants. Catholic school boards have welcomed this additional revenue and the ability to determine locally how the funds should be spent. Overall, however, OCSTA does not favour the local priorities grant as the best means of increasing education allocations. We are concerned that extensive reliance on this grant fundamentally contradicts and may eventually undermine the basic premise and commitment of the student-focused funding model as the means of funding what it costs to provide a provincially defined quality education for Ontario's students. This commitment requires that the allocation within all the funding categories themselves be adequate in relation to current board costs. Were this the case, boards would, in fact, have the fiscal flexibility that they require.

OCSTA is concerned that allocations given through the local priorities grant sidestep the fundamental problem of the inadequacy of the funding within the envelopes. We believe that each of the categories within the formula should be funded adequately and only a small portion of a board's budget allocated for local priorities.

The inequities under the pre-1998 funding model increased as the provincial spending ceilings fell further and further behind actual board costs and boards resorted to local tax increases to meet expenses. In a similar fashion, the ongoing viability of the current model will be tied directly to the degree to which allocations within the formula correspond to current costs.

### **Recommendation 7**

**That the funding allocations generated by the student-focused funding model be enhanced by adjustments to the foundation grant, and, where necessary, special purpose grants rather than to the local priorities amount.**

### ***The Prospect of a Return to Local Taxation***

The possibility of a return to some degree of locally determined tax levy has been put forward by some as a means of increasing school boards' access to funds and spending flexibility. Proponents suggest that funds raised locally could be spent on local priorities.

OCSTA strongly opposes any return to a locally determined tax levy as a means of providing local flexibility, even on a restricted or seemingly modest basis. Eliminating the local education tax levy and moving to funding fully controlled by the province has solved the problem of inequity between assessment-rich and assessment-poor boards. A return to some form of local tax assessment will bring back the problems the current funding formula has addressed successfully.

In addition, such a regressive step would put an additional tax burden on local taxpayers. It would involve the government in an expensive process of equalization. As well it would bring back wasteful competition between boards for taxpayer support.

As pointed out in detail in our companion brief, *The Education Funding Model and Catholic Education in Ontario*, Catholic boards would be disadvantaged by any return to local taxation as they have access to a lower property assessment base than English public boards. Catholic school boards have always had difficulty maintaining their tax base due to the default public mechanism, that is the automatic designation of all ratepayers, including Catholics, as public school supporters unless deliberate and specific action is taken by Catholic ratepayers each time they change residence. There is a particular concern that the separate school assessment base has eroded considerably since the introduction of the current funding model. In the event of a return to local taxation, Catholic school boards would once again be pressured into matching mill rates with their coterminous public board and in the end would have fewer resources on a per pupil basis. This would return Catholic students to a less than fair share of the resources.

### **Recommendation 8**

**That the total taxation levy for elementary and secondary education continue to be determined provincially.**

## **Accountability**

OCSTA shares the government's commitment to a system of education funding that is accountable and transparent to all parties involved, in particular parents and the taxpaying public. We agree that accountability requires effective and 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 their intended audience.

While the move to increased accountability is in itself a positive initiative, it has placed new demands on boards' human and financial resources. The introduction of these new provincial initiatives has, unfortunately, coincided with substantial reductions in boards' administrative support. To comply with the Administration and Governance envelope restrictions most boards have considerably reduced the number of supervisory officers and administrative personnel who traditionally produce and submit the data to meet the accountability standards. In some cases, school-based personnel are now called upon to assist with this task.

As a result, the bureaucratic workload of both groups has greatly increased, to the detriment of other educational functions.

### **Recommendation 9**

- a) That a systematic audit of provincially-mandated accountability processes affecting all aspects of school board funding be initiated to assess their efficiency, effectiveness and impact on board operations.**
- b) That, following such an audit, the number and scope of accountability mechanisms and the funding benchmarks within the Administrative and Governance envelope be adjusted appropriately.**

## **The Need for Stability**

OCSTA welcomes the government's decision to move to multi-year funding for school boards. Reliable multi-year grant forecasts, coupled with adequate resources, will enable boards to engage in effective long term planning and will afford increased spending flexibility.

With the passage of Bill 80, the *Stability and Excellence in Education Act, 2000*, multi-year forecasts are particularly critical in regard to the negotiation and funding of staff salaries and benefits. Boards need to know in advance and with certainty the level of their allocations in order to negotiate reasonable and responsible collective agreements with their employees.

No model for education funding can be successful or sustainable unless it realistically recognizes costs in this critical area, which accounts for approximately 80% of boards' spending. Although adjustments made to salary benchmarks since 1997 have been helpful, they have not reflected actual increases in compensation within other parts of the broader public sector. Salaries of OPSEU workers, for example, have increased by 8.8% since 1998. During the same period, provincial salary benchmarks for most school board employees have been increased by only 1.95% and for others have remained unchanged. Although in the past two years the local priorities amount has been available to help meet increasing salary costs, boards have had to use the local priorities amount to address rising costs in other areas including student transportation, special education and utilities. Without funding that is adequate and predictable, boards will be unable to bargain and maintain fair and realistic collective agreements. The inevitable result will be labour unrest, program disruption and, as a result, damage stability for students, schools and school boards.

## **Recommendation 10**

**That the benchmarks for salaries and benefits be immediately revised to reflect increases in compensation costs within the broader public sector since 1997, and adjusted accordingly on an on-going basis.**

## **Special Education**

The Special Education Grant within the current funding model includes two components: the Special Education Per Pupil Amount (SEPPA) and the Intensive Support Amount (ISA). OCSTA sees the grant structure as a fundamentally sound approach for distributing funds to support special education programs and services. The combination of SEPPA and ISA allocations constitutes an equitable and accountable funding mechanism.

At this time, virtually all Catholic school boards are spending more than their allocation for special education programs and services. The gap between allocations and actual costs results from a combination of factors. Benchmarks within the special education formula have not been adjusted to reflect increased costs resulting from inflation or from changing methods for program delivery, particularly at the secondary level. Allocations for newly registered students requiring intensive support lag far behind the students' arrival, though school boards must provide immediate service to meet students' needs. Because the current allocation for special education is insufficient to meet students' needs, boards must use additional funds from other allocations to fund special education programs and services. As cost pressures on these other areas continue to increase, boards are less able to divert funds in this manner. Reductions to special education services will be the result. If service levels are to be maintained, the total allocation for special education must be reviewed and adjusted.

### **Recommendation 11**

**That the funding benchmarks within the special education grant be updated to realistically reflect boards' costs.**

Through the ISA review process, and according to the Ministry's own standardized criteria, many school boards have now qualified for considerably more ISA funding than they are receiving. Nonetheless, actual allocations remain frozen at 1999 levels. Because current allocations are not based on demonstrated need as defined by provincial criteria, the equity of the model is now compromised. Boards are struggling to provide high-cost service for students while receiving inadequate funding.

### **Recommendation 12**

**That boards who have now qualified for ISA funding in excess of their current stable allocation be allowed to move to that level of funding immediately.**

OCSTA understands the need for accountability in allocating the large amounts required to educate very high needs students. It is important, however, that accountability mechanisms are reasonable in scope and do not detract from service to students.

The original process required of boards to qualify for ISA funding was unsustainable, as it was extremely labour-intensive and negatively impacted service. The refinements to that process that have resulted from the government's comprehensive ISA review process have been helpful. The establishment of a permanent baseline for boards' ISA funding, and the clarification of ISA criteria will considerably reduce the administrative burden and increase boards' ability to maximize their funding.

### **Recommendation 13**

**That the Ministry of Education and its ISA Working Group continue their efforts to reduce the administrative burden of the process by which boards qualify for ISA funding.**

The ISA process was designed as a funding mechanism rather than a prescription for spending. Although the validation of a specific student's file serves to generate a certain amount of funding for a board, it does not necessarily follow that the same amount must or should be spent on services for that same student. The government must clarify this concept for parents and others. Boards must retain the flexibility to spend their total special education allocation in a manner that will best serve the needs of their students.

### **Recommendation 14**

**That school boards retain the flexibility required to allocate special education resources in a manner that best serves the needs of students.**

## **Transportation**

Catholic parents have a constitutional right to choose to send their children to Catholic schools. For this right to be exercised, Catholic schools must be truly accessible to these children and their families, either by virtue of their reasonably close proximity, or by the provision of pupil transportation. Catholic school boards, therefore, must have sufficient resources available to transport students required distances.

The government's decision to increase the base funding for transportation for 2002-03 recognizes the increased cost pressures associated with providing bussing that boards are experiencing, as well as the impact of declining enrolment. OCSTA and Catholic school boards appreciate these initiatives as well as the additional funds announced in the provincial budget to support the development of a new approach to student transportation.

OCSTA has noted that the Task Force is charged with reviewing approaches to funding student transportation including ways to maximize joint bussing between school boards that serve the same community. Catholic school boards have a long history of cooperating with public boards and other partners to find cost savings in student transportation and have already implemented many cost-saving strategies including, in many cases, joint bussing. OCSTA must reiterate its opposition, however, to any mandating of transportation consortia.

Transportation consortia have been developed and are working well in some cases, providing efficient transportation service at a reduced cost for all parties involved. For certain boards, however, forming an actual consortium would increase the cost of student transportation and is thus not a viable option.

The experience of Catholic school boards has shown that the most significant savings in transportation costs are to be found in reducing the number of buses on the road. A coordinated effort within or between school boards, or between school boards and other partners, can produce more efficient routing involving fewer buses overall, and therefore a more cost-effective service, without the creation of a formalized consortium.

The student population of most Catholic school boards is less densely concentrated than that of the coterminous public board and therefore is likely to have more need for transportation services. In Catholic boards, local service standards, such as walking distances and time on the bus, have an important impact on the daily lives of a large proportion of students and parents.

It is essential that Catholic boards retain full autonomy in determining local policies and service standards, not only to meet effectively the program requirements for schools and students, but also to ensure the accessibility of a

Catholic school to those families who choose Catholic education for their children.

### **Recommendation 15**

**That the development of provincial transportation policies impacting Catholic school boards respect the following principles:**

#### **Local Board Autonomy**

- Each Catholic board must retain the authority to determine and implement its own transportation policy.
- Each Catholic board must retain the authority to determine and implement local service standards, including walking distances, time on the bus, pick-up and drop-off times, as well as safety standards and administrative procedures.

#### **Access to Catholic Schools**

- Any provincial transportation framework must provide reasonable access to a Catholic school for all Catholic parents wishing to exercise their right to a Catholic education for their children.

#### **Focus on Students**

- Transportation services must be responsive to the program needs of students, including students with special needs requiring high-cost service.
- The safety and security of students while being transported is of paramount importance.

#### **Multiple Models**

- Any provincial framework for transportation cooperatives must include sufficient flexibility to allow for the spectrum of models required to respond to local circumstances and student needs.

- The important work and valuable contribution of all staff employed by Catholic school boards in the area of transportation must continue to be acknowledged.

#### **Reduced Cost, Improving Service**

- Initiatives in regard to student transportation must result in cost efficiencies or transportation service improvements for all the school boards involved.
- Optimizing routing and scheduling of student transportation must be recognized as the primary source of cost saving.

#### **Recommendation 16**

**That the government proceed as quickly as possible with the implementation of a new and more realistic transportation formula to provide adequate funding to school boards on a permanent basis.**

## **School Renewal**

All Ontario students deserve continuing access to accommodation that meets the needs of provincially mandated programs and provides an appropriate and healthy learning environment. To accomplish this there must be a fair and equitable provincial system to allocate funds for school renewal.

OCSTA supports the funding of major maintenance projects through the current school renewal allocation. This method of funding provides a fair and planned approach to school renewal. School boards are concerned, however, about the adequacy of the current level of funding for repairs and renovations.

The present renewal grants are inadequate to cover the accumulated backlog of deferred maintenance in addition to meeting the ongoing building component life-cycle requirements of aging schools, such as renewal of roofs, heating and ventilation systems, and replacement of windows.

Some boards have more need for school renewal dollars than others. Previously assessment-poor boards, because of lack of funds, deferred needed maintenance in order to provide classroom programs. Accordingly, funding must be allocated for catch-up as well as for on-going maintenance in order to meet and maintain a common minimum standard for all boards in Ontario.

The current stock of schools is in significant need of repair and renovation or replacement. It is estimated that over \$5.8 B is required to raise the existing stock of schools in Ontario, valued at approximately \$28B, to acceptable standards. Under the current funding model, that estimated \$5.8B is growing in a compounding fashion since deteriorated components of buildings cause other components to fail prematurely. Problems are multiplying at a faster pace than the current amount of funding accommodates.

The benchmark renewal cost per square foot must be adjusted to reflect increasing construction costs as well as new requirements resulting from changes to municipal and provincial building codes. Furthermore, a graduated scale must be developed in order to more accurately and realistically recognize the variation in renewal costs resulting from the age of buildings. The current model allocates 64¢ per square foot for buildings less than 20 years old, and 96¢ per square foot for those more than 20 years old. This funding is inadequate for boards in which a majority of school facilities are over 40 years old and have substantial renewal needs. Necessary adjustments could be made by providing a wider range of weighted averages, for example from year 5 to 50+, in increments of five years.

OCSTA supports the systematic evaluation of boards' facilities. Accurate data regarding school conditions, based on an acceptable, standardized evaluation system, is required as the basis for fair and equitable distribution of funds for

renewal. The RECAPP system is one evaluation instrument with considerable credibility among Catholic boards. We are pleased that funds have been allocated through the provincial budget to assist boards in this process. Following such an evaluation, it would be our expectation that adequate funding would be allocated in an equitable manner to respond to identified needs.

**Recommendation 17**

**That the benchmark renewal costs per square foot be adjusted to reflect current construction and renovation costs, and the current building code.**

**Recommendation 18**

**That the benchmark renewal costs per square foot be further graduated to recognize the higher costs associated with maintaining older school buildings.**

**Recommendation 19**

**That the Ministry of Education continue the RECAPP initiative as a means of objectively evaluating school renewal needs and adjusting the grant accordingly.**

## **Conclusion**

The announcement of student-focused funding in March 1998 was the culmination of a comprehensive, in-depth review of education finance that spanned several years and drew on input from the many groups interested in elementary and secondary education in Ontario. The review was occasioned by the need to replace the previous funding model - a model that was fundamentally flawed, inequitable and did not serve the needs of many students. The creation of student focused funding was an important and courageous move on the part of our current government to ensure that, for the first time in history, every student in Ontario would enjoy equality of educational opportunity.

The current funding model, the product of the intensive study and effort of all those involved in education finance reform, is fundamentally sound in principle and structure. As was originally intended, it has shifted proportionately more resources into the classroom and established an improved process for funding school construction. Through a common foundation grant and special purpose grants that recognize the unique needs of students and school boards, it has made substantial progress in establishing truly equitable funding. These are positive initiatives that benefit students in Ontario.

Another of the key principles on which student focused funding was based, however, is now jeopardized and in critical need of attention. In 1997, the government promised the students, parents and citizens of Ontario that it would fund what it takes to ensure quality. The first allocations under the current model, in 1998, did generally fund to a satisfactory level that spectrum of programs and services that the education finance reform initiative had determined were necessary for a standard of quality education in Ontario. This is no longer true of the current allocations in 2002. The benchmarks within the model have not, for the most part, been adequately adjusted and increased since 1997 and have fallen far behind boards' current costs. In addition, allocations have not been adjusted to recognize newly mandated programs and services. Immediate adjustments to the benchmarks to reflect real costs in 2002-03, recognition of new costs to boards and inclusion of a mechanism to ensure on-going updating of the benchmarks would restore the ability of the current model to provide the funds necessary to ensure quality education today and in the future.

OCSTA is pleased to have been able to assist the government and our other provincial education partners to realize the improvements in education funding that has been achieved to date. We see this Task Force as an important and timely opportunity to develop and advocate further refinements that will strengthen equity and ensure adequacy. We pledge our cooperation and support for all initiatives that achieve these crucial goals.