

CURRENT FUNDING ISSUES

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

November 26, 2009



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. 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.

It is also essential that the taxation powers in regard to education remain fully within the mandate of the provincial government and that there be no return, in whole or part, to any type of local levy by school boards.

Much of 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 issues requiring attention. There are, as well, some new items about which we have concerns that we would like addressed by the Ministry.

SPECIAL EDUCATION

OCSTA appreciates the significant improvements to the funding of special education that have been made since 1998. In 2009-10, the GSN provided an additional \$49 million to help children with special needs. Grants for special education now total some \$2.25 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 continue to identify the under-funding of special education as one of the most serious problems they are facing in 2009-10. Among the 29 Catholic district school boards there exists a gap of some \$68 million between the special education allocation and expenditures 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.

In 2009-10, the Ministry has introduced a Measure of Variability Amount (“MOV”), equal to some \$50 million or 5% of the High Needs Amount. This is meant to address the variability in incidence of students with high needs and boards’ ability to respond to these needs. It remains to be seen if this method is fairer and more responsive to students and whether it accurately recognizes the needs of boards and their high needs’ students. It is hoped that the Ministry will carefully assess the effectiveness of this grant and whether it is accomplishing its purpose before it re-allocates any further amounts to it. OCSTA continues to support the recommendations of the Working Table on Special Education and looks forward to their full adoption and implementation in the near future, especially full support for students with high needs.

Recommendation 1

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 (Special Education per Pupil) grant and funding to recognize the changing incidence of students with high needs.

TRANSPORTATION FUNDING FORMULA

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 2% increase in the cost benchmark for student transportation included in the 2009-10 grant announcements. We are also pleased that fuel escalation/de-escalation measures will be introduced to address the volatile fuel market over which school boards and bus operators have no control. However, we do have concerns about the potential claw back of grant that may take place if a board has a transportation surplus in its previous fiscal year. This is totally inconsistent with the fundamental nature of the funding model, which since its inception has been based on the assumption that it is a revenue based allocation model and not an expenditure controlled model. The only exceptions to the original formula were the minimum spending envelopes pertaining to Special Education and New Pupil Places & School Renewal and the maximum spending envelope pertaining to Board Administration & Governance. The student transportation allocation was never enveloped, apparently until now. The claw back provision now being introduced would penalize those school boards that have operated efficiently within their transportation allocation. Boards that have a transportation surplus utilize this surplus in other part(s) of their overall operations, e.g., special education. This issue will be further addressed below.

The basic funding model for student transportation has not changed since its inception in 1998. Although there have been increases to the benchmarks to provide for inflation, there is no mechanism whereby a board can improve its service levels over what existed in 1998. For instance if a board had not been providing transportation to a French immersion program, it would not now be able to add this service unless it were to reduce service elsewhere. Catholic Boards often find themselves at a disadvantage relative to their coterminous board in such situations and there is no easy way to remedy the situation. A new model for transportation funding must be found that will provide sufficient funds to ensure a reasonable level of service. Resource allocations must be fair and non-discriminatory. The formula must treat school boards and students in similar circumstances in a similar manner.

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 2

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

- **to reverse the measures introduced in the 2009-10 GSN's whereby school boards with transportation surpluses in the previous fiscal year would lose some or all of the increase in the funding benchmarks.**
- **to provide a mechanism to allow school boards to introduce or enhance transportation services that it previously did not provide to students at the inception of the funding model in 1998.**
- **to meet the actual needs for student transportation, including the provision of adequate and equitable funding for the transportation of students with special needs.**

TRANSPORTATION CONSORTIA

Our boards remain concerned that the Ministry has taken 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. The definition of consortia must be broadened to include a wider range of cooperative transportation ventures.

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 3

That the Ministry of Education review and refine its transportation reform policy:

- **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;**
- **to include the right to withdraw from a consortium as the final step in the dispute resolution process.**
- **to 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.**

BENCHMARKS

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 size-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 only one exception, Catholic school boards have filed balanced budgets for 2009-10. However, it is clear that our member boards are struggling with their financial situation. Almost one half of them had to draw down dwindling operating reserves as well as having to resort to other drastic solutions to balance their budgets. These include the reduction of administrative, academic and support staff, the deferral of required maintenance and arbitrary expenditure reductions in non-staff (including classroom) areas. These one-time measures cannot be continued over the long run and eventually must be replaced by sustainable revenue streams that are predictable over the long term to bring stability to school board operations and finances.

OCSTA recognizes and is thankful for the efforts of the Ministry to address some of the benchmark and technical issues in the funding formula. However there are still some costs, including staff benefits, insurance, utilities, litigation and potentially the cost of implementing sales tax harmonization, which are highly volatile and unpredictable. Often the costs associated with such items far outstrip the funding provided through existing benchmarks and have a negative effect on a board's overall operations.

We are particularly concerned about the potential financial costs that school boards may incur this year as a result of an outbreak of pH1N1. These costs could be a combination of additional staffing costs, (e.g., replacement staff), at all levels, as well as the cost of materials, equipment and other expenditures directly related to pH1N1. It is anticipated that school boards will have to comply with various measures in relation to this virus as mandated by the Chief Medical Officer of Health and other Government ministries and agencies. These costs could be significant and have not been budgeted for or included in the earlier GSN announcements. Boards will require one-time funding from the Government to cover these unforeseen and largely unknown costs.

Recommendation 4

That the Ministry of Education in consultation with school boards and their provincial associations, annually revise benchmarks to reflect the impact of items such as school operations generally, insurance costs, litigation, sales tax harmonization, benefits, extraordinary moves in utility costs and other unknown costs resulting from any natural disaster or pandemic health problem such as the pH1N1.

PROVINCIAL ADVISORY COMMITTEE

In the 2007 GSN announcement, the Local Priorities Allocation was eliminated and the Learning Opportunities Grant was 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. 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. 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 shares the Minister's concerns regarding the impact of piecemeal refinements to the funding model. 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 5

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.

FLEXIBILITY

OCSTA is concerned about the targeted reductions in grants that were announced as part of the 2009-10 GSN announcements, i.e. reductions for textbooks & learning materials, classroom computers and staff development, the declining enrolment grant as well as the reduction to student transportation referred to earlier. The further proposed reductions for 2010-11 that have been announced have raised grave concerns for school boards. The projected reduction of \$8.7 million in funding for Board Administration & Governance will be particularly onerous for small to mid-sized boards that are already struggling with the burden of implementing, and reporting on, new & enhanced Ministry directed programs and policy changes.

For instance, boards now have to comply with the recently issued “supply-chain management guidelines” which have significantly increased the reporting requirements. One of these guidelines requires boards to “de-brief” ALL unsuccessful companies that replied to a tender. Previously, a board would only de-brief a company who requested such and not all of them. While this measure adds to the transparency of the tendering process, it adds significantly to the administrative burden of boards that have to carry out this process. Boards are also concerned about the increased work that is required to comply with the reporting of tangible assets and capital assets.

Boards have concerns about funding the costs of implementing the Audit Committee/Internal Auditor initiatives, and associated professional development costs, out of the existing Administrative & Governance Allocation. There may be additional costs associated with the two proposed non-Trustee members of the Audit Committee if the concept that such members would work on a voluntary basis proves incorrect. There are concerns that the predicted costs of the “Audit Team”, as currently proposed, may be significantly low. The question has been raised as to who would fund the shortfall if that turns out to be the case. The precise nature of the issues that may be raised within the deliberations of a school board audit committee may have a significant effect on their proposed scope of work. For example, are the issues going to be solely of a financial/operational nature or will they also include academic/program issues? Boards are also concerned about the increased reporting requirements that will be introduced under these initiatives, i.e. the need to supply the Ministry with copies of the annual audit plan, and any changes required as well as copies of any management letters issued by the board’s independent

auditor and the resultant follow-up. These requirements will unquestionably increase Audit costs as well as add to the reporting burden of management.

While appreciating the need for cost reductions and overall constraint in these serious economic times, OCSTA does not agree with the apparent underlying principles that appear to be driving these particular reductions. It appears that the Ministry has determined that these particular allocations were under spent by school boards and therefore can be reduced without harming student outcomes. This is again a fundamental change in the principles that have governed the funding model since its inception, i.e. that it is a revenue based allocation model and not expenditure controlled, except for three specified envelopes. If the Ministry needs to make reductions in the GSN's, then this should be done on an overall basis and allow school boards the flexibility to determine how and where to make the expenditures' reductions. This would be a more transparent approach to funding that would give school boards the authority to make budget decisions. In times of economic hardship, it may be prudent for the Ministry to evaluate the timing of its program and policy changes and initiatives, however desirable, to determine whether these could be deferred until "times are better".

Recommendation 6

That the Ministry of Education reconsider its reductions in 2009-10 of \$25M for textbooks and learning materials, \$25M for classroom computers, \$44.5M for staff development, as well as its announced reductions for 2010-11, as such reductions reduce the flexibility of school boards and, at the same time, represent a fundamental shift in the funding formula from a revenue-based allocation to an expenditure-control model.

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 was recognized and a Declining Enrolment Working Group established to provide advice and recommendations to the Minister. The report of the Working Group was released in March 2009 and it is anticipated that it will be part of the more comprehensive review of the funding formula in 2010. OCSTA and our member boards were not pleased with the reduction in the Declining Enrolment Adjustment of some \$6 million that was part of the 2009-10 GSN announcements. There has been a fundamental change to the basis of the formula from enrolment based to revenue based and it is not clear how this assists school boards with declining enrolment. Also, the funding in the third year has been reduced from 25% to 5% of the first year grant, effectively changing the grant to a two year transitional period.

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 as bus routes and their costs remain relatively fixed. This problem will be exacerbated if the Ministry's proposed reduction (by 50%) for support to school boards with declining enrolment is applied to transportation funding in 2010-11.

The School Foundation Grant and the 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 7

That the Ministry of Education review the Declining Enrolment Adjustment and reconsider the effects, on school boards, of the changes introduced in the 2009-10 GSN's to ensure that the DEA realistically recognizes the timeframe within which boards are able to adjust their costs, in the light of lost enrolment.

CAPITAL

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 can 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, all of the capital needs of school boards have not been addressed. For instance there is no specific funding available to allow school boards to meet the requirements for new, renovated and retrofit construction under the proposed AODA Standard for Accessible Built Environment. It is estimated that it will cost 3% to 4% more to implement these standards for new construction and even more for renovations and retrofits.

Similarly, the existing model of capital funding makes no provision that enables boards to fund new and innovative programs, such as technology, science or trades that have been identified as local priorities and require major renovations to an existing space. Such initiatives are not eligible for dedicated capital grants such as Growth Schools, Prohibitive to Repair or New Pupil Places. Targeting some capital funds for capital improvements would allow the offering of new programs that are specific to particular schools or groups of schools and enable school boards to respond to the needs of the local community.

Boards are concerned about bearing the cost of financing capital projects until they reach 95% completion. On large projects, or a combination of small to medium projects, this can become quite onerous to boards. A fairer method would be to recognize these short-term interest costs as part of the overall cost of capital projects and find a way to reimburse boards for them. 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.

The Ministry has established an “Expert Panel on Capital Standards”, made up of experienced school board officials. The panel is to report on a number of areas pertaining to the design/construction/management of school facilities. OCSTA, and its member boards, welcome this initiative and looks forward to the report of the panel. However, the mandate of the panel does not appear to address the concerns identified above with respect to the myriad of grants that currently govern the building, new and renovated, of school facilities.

Recommendation 8

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.

TECHNOLOGY

In order to function effectively and efficiently and to meet both internal and external reporting requirements, school boards, in common with most organizations, have become more reliant on information technology in both administrative and academic areas. A portion of the Foundation Grant (reduced in 2009-10) provides funding for the latter however 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 been escalated. These costs must be funded from the board administration 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 costs associated with these larger and more complex technologies that are critical to instructional and administrative programs in the 21st century. Also the GSN does not provide any one-time funding for the 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 9

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.

AMALGAMATION OF SCHOOL AUTHORITIES

In June of 2009, the Ministry announced that existing School Authorities would be amalgamated with nearby district school boards. As a result of these required amalgamations, boards are incurring significant one-time transitional costs and anticipate increased ongoing costs. One-time transition costs include, though are not restricted to, travel, upgrades to software and hardware, employee severance and retirement gratuities, assumption of accumulated deficit of the isolate board, facilities upgrade, employee benefits adjustments and salary and wage harmonization. In the case of one Catholic district school board, the total of such costs is projected to be approximately \$440,000. Many of these incremental costs will be ongoing into the future beyond current available funding e.g., increased travel, increased benefit and salary costs, increased maintenance costs. The projected increase in ongoing costs to the amalgamated board is difficult to assess at this time and it may take some time to fully identify and quantify such costs.

The other unknown is the “cost” to the board for the additional administrative work that was required to implement the amalgamation over a very short period of time. This work was carried out by a relatively small number of administrators that literally worked night and day to accomplish the tasks that were necessary to open the “new” school(s) by September. Typically, especially in the case of the Catholic district school boards, the amalgamating boards are small to mid-size and are already pressed to meet the normal administrative needs of their schools. The timing of the amalgamation only exacerbated an already difficult situation.

Recommendation 10

That the Ministry of Education reimburse District School Boards for the net incremental costs incurred by them as a result of an amalgamation with a local School Authority and that the Ministry review the incremental ongoing costs incurred by District School Boards and revise future GSN’s to provide for such ongoing costs.

FULL DAY LEARNING FOR FOUR AND FIVE YEAR OLDS

Recently, the Minister of Education received from its Early Learning Advisor, Dr Charles Pascal, a report entitled, “*With Our Best Future In Mind: Implementing Early Learning in Ontario*”. The comprehensive report has twenty recommendations regarding how to improve education for children up to age 12 and in particular deals with full-day learning for four and five year olds. OCSTA applauds and agrees with this initiative in principle and looks forward to its implementation. We fully realize that this will require a substantial investment of resources by the Ministry and by school boards. Some schools will require significant upgrades and changes in order to provide space that will be appropriate for full day learning for four and five year olds. It will be necessary that the Ministry provide adequate and equitable funding, both operational and capital, to provide for the introduction of the Early Learning program. It is important to recognize that entry into such a program by a young person will significantly influence their long term choice of a school and thus school system. Therefore in order to ensure that this program does not interfere with the normal placement of students, it is extremely important that implementation is done on an equitable basis. We look forward to working with the Ministry, and other educational partners, to assist in the planning, timing and implementation of this important initiative.

Recommendation 11

That the Ministry of Education provide adequate and equitable funding for all operational and capital costs associated with the introduction of Full-Day Learning for four and five year old children.

ACCESS COPYRIGHT TARIFF

Recently, the Copyright Board of Canada published its decision on the proposed Access Copyright Tariff for 2005 to 2009. The new tariff would more than double the cost per FTE to school boards. The cost, both retroactive and ongoing, to Ontario school boards is very significant and would have a negative effect on boards' current and future operations.

The Copyright Consortium, on behalf of Ministers of Education across Canada and Ontario school boards, has sought and has been granted permission for a judicial review of the Copyright Board's decision. It could take several months before the Federal Court's decision is known.

OCSTA and its member boards applaud the recent announcement of the Ministry that it will provide some \$21 million to school boards to cover the retroactive portion of the award. This is welcomed by school boards since they had not budgeted for this cost. It is strongly suggested that the Ministry of Education reconsider its position on future costs as articulated in Memo 2009 B11. OCSTA would urge the Ministry to assume direct responsibility for on-going costs. This is particularly significant due to the fact that Access Copyright has already filed for a substantially increased tariff for 2010-2012.

At the current time, Ontario is the only province in which school boards themselves, rather than the provincial education Ministry, are signators to the Access Copyright license, and are directly involved, through their provincial associations, in the negotiation and adjudication of copyright fees. OCSTA believes it would be more fair and efficient for the Ontario Ministry of Education to assume these roles on behalf of school boards.

Recommendation 12

That the Ministry of Education take responsibility for negotiating and paying directly the Access Copyright license for school boards on an ongoing basis.

ACCESSIBILITY FOR ONTARIANS WITH DISABILITIES ACT – AODA

Earlier in our brief, in the section dealing with Capital, we touched on the concerns that have been raised by our members about the incremental costs that will be associated with the implementation of the proposed Standard for an Accessible Built Environment. OCSTA, together with its counterpart OPSBA, have commented in detail to the Minister of Community and Social Services on the proposed AODA Standards pertaining to Customer Service, Information and Communications and Employment Accessibility. The two Associations have set out their concerns on these issues, particularly with respect to the proposed deadlines and incremental costs associated with their implementation within such deadlines. OCSTA and its member boards support fully the goals and principles of AODA and the long-term benefits that will accrue to all Ontarians when it is fully adopted. We believe “that the role of public education is to provide universally accessible education opportunities and hold promotion of human rights as a fundamental value of all who work and learn in the public school system”.

In their submissions to the Minister, the two Associations spoke of the difficulties in obtaining the necessary funding to bring current IT systems to the standard necessary under the proposed AODA Standard for Accessible Information and Communication. They made the point that we have made in our section on Technology, that “School boards are already experiencing challenges with inadequate funding to replace obsolescent administrative and instructional systems and to bring classrooms up to a standard compatible with teaching and learning needs of the 21st century”. If we are already having difficulty meeting current standards and needs, how are we going to meet the new standards as imposed by AODA?

Recommendation 13

That the Ministry of Education, together with other appropriate Ministries of the Government of Ontario provide the financial resources, both immediate and ongoing, that will allow school boards to be compliant, within the timelines, of the Accessibility for Ontarians with Disability Act and its regulated standards.

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. 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.

Current Issues

We have attempted to restrict the content of this year's Finance Brief to those matters which are of the highest importance and which have been identified by our member boards as being most problematic. Special education, student transportation, funding benchmarks, declining enrolment and capital remain on most boards' list of concerns. In addition, successor boards have identified the amalgamation of school authorities as being of particular concern. Boards have also raised funding questions related to the recent announcement of full-day learning for four and five year olds, the recent ruling of the Copyright Board, the implementation of the proposed standards arising from the AODA and the impact of H1N1 response in schools. Other issues, raised previously by the Association but not yet fully addressed are listed in Appendix One as *Items of Continuing Concern*. We continue to see these issues as a high priority and have offered some possible solutions.

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 those resulting from the current financial situation have understandably caused the Government to re-think implementation of parts of its program. The constraint measures announced in this year's GSN, some of which were applicable to 2009-10 and others to 2010-11 cause unease in boards concerned about the on-going viability of their existing programs, as well as their plans for the future.

OCSTA is grateful for the positive reception afforded by the Minister and Ministry officials to our previous Finance Briefs and other correspondence, and in various meetings dealing with financial issues. We look forward to continuing opportunities for dialogue. We know that the Ministry is committed to a review of the funding formula in 2010 and we are willing and prepared to assist the Minister and her officials on questions of future changes to the funding of education.

SUMMARY OF RECOMMENDATIONS

Recommendation 1

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 (Special Education Per Pupil) grant and funding to recognize the changing incidence of students with high needs.

Recommendation 2

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

- **to reverse the measures introduced in the 2009-10 GSN's whereby school boards with transportation surpluses in the previous fiscal year would lose some or all of the increase in the funding benchmarks.**
- **to provide a mechanism to allow school boards to introduce or enhance transportation services that it previously did not provide to students at the inception of the funding model in 1998.**
- **to meet the actual needs for student transportation, including the provision of adequate and equitable funding for the transportation of students with special needs.**

Recommendation 3

That the Ministry of Education review and refine its transportation reform policy:

- 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;
- to include the right to withdraw from a consortium as the final step in the dispute resolution process.
- to 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 4

That the Ministry of Education in consultation with school boards and their provincial associations, annually revise benchmarks to reflect the impact of items such as school operations generally, insurance costs, litigation, sales tax harmonization, benefits, extraordinary moves in utility costs and other unknown costs resulting from any natural disaster or pandemic health problem such as the pH1N1.

Recommendation 5

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 6

That the Ministry of Education reconsider its reductions in 2009-10 of \$25M for textbooks and learning materials, \$25m for classroom computers, \$44.5M for staff development, as well as its announced reductions for 2010-11, as such reductions reduce the flexibility of school boards and, at the same time, represent a fundamental shift in the funding formula from a revenue-based allocation to an expenditure-control model.

Recommendation 7

That the Ministry of Education review the Declining Enrolment Adjustment and re-consider the effects, on school boards, of the changes introduced in the 2009-10 GSN's to ensure that the DEA realistically recognizes the timeframe within which boards are able to adjust their costs, in the light of lost enrolment.

Recommendation 8

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 9

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 10

That the Ministry of Education reimburse District School Boards for the net incremental costs incurred by them as a result of an amalgamation with a local School Authority and that the Ministry review the incremental ongoing costs incurred by District School Boards and revise future GSN's to provide for such ongoing costs.

Recommendation 11

That the Ministry of Education provide adequate and equitable funding for all operational and capital costs associated with the introduction of Full-Day Learning for four and five year old children.

Recommendation 12

That the Ministry of Education take responsibility for negotiating and paying directly the Access Copyright license for school boards on an ongoing basis.

Recommendation 13

That the Ministry of Education, together with other appropriate Ministries of the Government of Ontario provide the financial resources, both immediate and ongoing, that will allow school boards to be compliant, within the timelines, of the Accessibility for Ontarians with Disability Act and its regulated standards.

APPENDIX ONE – ITEMS OF CONTINUING CONCERN

There are certain recommendations that have been made in previous years which have not been fully addressed to date. OCSTA has chosen not to repeat these items in detail but consider them important enough to list here. We would be pleased to supply background information on these issues.

Teacher Qualification & Experience Grant (“Q & E”)

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

That the Ministry immediately undertake a study of the cost of benefits, including the costs that relate to the end of mandatory retirement, and adjust GSN to address the remaining shortfall in funding for employee benefits in three additional stages, starting in 2010-11.

Declining Enrolment Adjustment – Technical Change

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

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

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

Capital Programs’ Benchmarks

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.

Administrative Accommodation

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

MISA and OnSIS

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.

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