

Submission to

The Standing Committee  
on Finance & Economic Affairs

## **Pre-Budget Consultation**

January, 2008



Ontario Catholic School  
Trustees' Association



Ontario Catholic School  
Trustees' Association

## OUR MISSION

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

## OUR VISION

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

### OPERATIONAL VALUES

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

### POLITICAL ADVOCACY

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

### INFORMATION & SERVICES

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

### COMMUNICATIONS & PUBLIC RELATIONS

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

### PARTNERSHIPS

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

## INTRODUCTION

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

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

In December 2007 OCSTA submitted to the Minister of Education a brief on education funding entitled *Toward Review and Refinement*. A copy of this finance brief is attached and forms the basis of this submission to the Standing Committee on Finance and Economic Affairs during the Pre-Budget Consultation.

OCSTA welcomes the actions taken by the government in 2007/08 to improve the funding of education in Ontario. Many of the government's initiatives have responded positively to recommendations made by OCSTA. Nonetheless, there remains a pressing need to address the adequacy of some allocations within the provincial funding formula.

## **A Matter of Urgency**

Several Catholic school boards have struggled to produce a balanced budget this year. Some boards will be faced with year-end deficits; many others are predicting deficit budgets in future years. Declining enrolment, now the reality for almost every board in Ontario, further exacerbates boards' financial challenges and is undoubtedly one of the most critical issues to be addressed in the coming months. One time measures used to achieve a balanced 2007-08 budget will not be available in the future for many school boards.

On many occasions, OCSTA has indicated our support for the fundamental structure of the current funding model, which is designed to ensure equitable resources for the education of all Ontario students. Because there has not been a comprehensive update to all funding benchmarks since the formula's introduction in 1998, however, there is now an urgent need for enhancements and refinements to the model. The mid-August funding announcement indicated that a review of the funding model is planned by 2010. If the benchmarks within the formulae are not updated immediately, to align them more closely with actual costs incurred by school boards, many boards will be in further financial difficulty before that time. A review should begin at once, in order that improvements to the model can be introduced as soon as possible.

OCSTA believes that consultation about education funding can become more meaningful and effective with the establishment of an on-going provincial advisory committee that could provide the government with regular and appropriate feedback on the effectiveness of the funding formula as a whole.

In any amendment or changes to the funding model, it is essential that the principles of equity, adequacy, flexibility/autonomy and accountability prevail. The funding formula must provide equality of educational opportunity for all students across Ontario.

## **DECLINING ENROLMENT**

Almost every school board in Ontario is experiencing some degree of declining enrolment. A recent survey of OCSTA member boards indicated that only two boards did not have declining enrolment in the elementary panel. The GSN's are primarily enrolment driven and even small declines in enrolment have a severe negative effect on revenues. Unfortunately, board expenditures do not follow the same pattern and cannot always be reduced to the same degree or in the same time cycle.

Although partial relief has been provided through the Declining Enrolment Adjustment grant, this relief is not complete and is short lived. Consideration should be given to calculating this grant on a panel-by-panel basis, rather than on the total enrolment basis currently in use. What is needed now is a longer term solution to the serious problem of declining enrolment.

### **Recommendation 1**

- a) **That the Ministry of Education immediately convene a task force comprised of school board officials, Ministry of Education personnel, personnel from other provincial Ministries and related organizations as needed to examine the impact of declining enrolment in school boards across the province and recommend long-term strategies for dealing with this issue.**
- b) **That all provincial strategies designed to deal with declining enrolment respect the legislative and constitutional framework for education in Ontario, which includes public, Catholic, French-language and English-language school boards.**

### **Recommendation 2**

**That the Ministry of Education provide additional relief to school boards facing declining enrolment by enhancing the Declining Enrolment Adjustment grant until such time as the Task Force can report to the Ministry and long term solutions can be implemented.**

## **EMPLOYEE COMPENSATION BENCHMARKS**

### **Employee Salaries**

OCSTA was pleased that the government took significant steps to address the existence of the salary gap in the 2006-07 GSN's. Some areas of concern remain, however.

### **Teacher Qualifications and Experience Grant**

The Teacher Qualifications & Experience ("Q & E") Grant provides funding to offset the cost of teachers who have salaries above the Pupil Foundation Grant benchmark. There are other categories of teachers, funded through special purpose grants, that are not recognized for Q & E purposes. The criteria that are being used to determine Q & E funding should be amended to include all qualified teachers.

### **Average Secondary Credit Load**

Funding for the average secondary credit load at 7.5 credits does not yet recognize the actual number of credits provided by school boards. Boards that have an average credit load in excess of 7.5 face higher costs that are not recognized for funding purposes.

### **Recommendation 3**

**That the Ministry of Education take steps to ensure that the provincial funding model for 2008-09 and future years reflects the actual cost of employees' salaries, includes funding under the Cost Adjustment and Teacher Qualifications & Experience Grant for all teachers, and funds the number of secondary teachers required to provide the actual number of credits being taken.**

### **Employee Benefits**

The 2006-07 GSN's decreased the percentage for teaching staff benefits to 11.1% of salary and for non-teaching staff benefits to 14.8%. Many boards indicate that the actual cost of benefits exceeds these benchmarks. OCSTA is pleased that the Ministry has acknowledged the need to update the benefits benchmarks and, as a first step, set aside up to \$50M to support this update.

### **Recommendation 4**

**That the Ministry of Education review and enhance the funding formula to ensure that benchmarks are in place to enable school boards to fund the current costs of employee benefits.**

## **SPECIAL EDUCATION**

School boards have expressed serious concerns about the on-going gap between the cost of current programs and services for students with special needs and current funding levels. Many boards have identified the underfunding of Special Education as one of the most serious problems they are facing in 2008-09.

Benchmarks within the SEPPA allocation must be reviewed and updated to better reflect real board costs. Boards also require resources to refresh and replace the specialized equipment that is required by some students throughout their academic career, but is funded only on a one-time basis.

Separate funding for students with high needs is provided to boards on the basis of total enrolment. It cannot be assumed, however, that a decline in overall enrolment means a similar decline in numbers of high needs students. It is essential that a review process be developed to track changes in incidence and adjust funding accordingly on a regular basis.

### **Recommendation 5**

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

### **Recommendation 6**

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

### **Recommendation 7**

**That the Ministry of Education develop a research/review process to confirm the validity of, or track changes in, rates of students with high needs in order to inform future funding decisions.**

## **STUDENT TRANSPORTATION**

### **Transportation Funding Model**

OCSTA is very concerned that neither the Effectiveness & Efficiency Review Reports nor current Ministry documentation and discussion indicate that a new funding formula for student transportation is under consideration at this time. It would appear that for the foreseeable future, regardless of their transportation needs, any English-language board that does not belong to an approved consortium is ineligible for funding increases. In addition, boards who do meet consortium standards are not treated equally, as those reviewed first are eligible for an increase in base funding one or more years before those reviewed in a later cycle.

A new formula for funding student transportation must be found that will provide sufficient funds to ensure a reasonable level of service and allocate those resources equitably. The formula must treat school boards and students in similar circumstances in a similar manner. Particular attention must be given to adequate funding for transportation of students with special needs, which is unique and often expensive. A local priorities component of transportation funding would allow boards the flexibility to address local priorities, such as providing transportation for specialized schools or implementing policy variations in walk distances to meet local circumstances with respect to safety.

### **Recommendation 8**

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

## **CAPITAL**

OCSTA and its member boards welcome the various Capital funding announcements made in recent months. We hope that these initiatives, taken together, can address the capital backlog, reduce the number of portable classrooms being used for other than temporary purposes and provide support for the capital needs of provincial initiatives. We are also hopeful that the Good Places to Learn Grant, in its third and final stage in 2007-08, will be extended to meet the remaining and additional renewal needs of school boards.

School boards have expressed a number of concerns in regard to capital funding. Changes have been made to the original capital funding programs 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, more serious than originally anticipated, has further impacted a board's ability to access capital grants under the New Pupil Place grants. There are no clear and objective criteria whereby boards may determine their eligibility for Growth Schools, Prohibitive to Repair and Replacement School grants.

## **Recommendation 9**

**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.**

There is a need to bring all school facilities to a minimum provincial standard that fully addresses health and safety considerations, current jurisdictional requirements, accessibility standards and the demands of various Ministry programs. For example, many boards are currently facing large, unexpected and unbudgeted costs related to the need to flush lead from water pipes. Boards require immediate assistance, as well as ongoing annual funding, to offset these costs. Because of changes in legislation governing asbestos, non-friable materials must now be treated in the same way as friable materials. The net result of the new requirements is a significant increase in the cost of replacement materials. School Renewal funding must be enhanced to provide adequate funding to meet these needs.

## **Recommendation 10**

**That the School Renewal Grant and/or the School Operations Grant be reviewed and refined to provide the funding necessary to ensure that all schools meet minimum provincial standards for health, safety and accessibility, the demands of all government approved programs and local jurisdictional requirements.**

The benchmarks inherent in the capital funding model have not increased substantially since 1998. In addition, there has been a 5% reduction in the Geographic Adjustment Factor. There is a need for the capital funding formula to recognize diverse and rapidly changing construction costs in various regions of the province. There is a need for a mechanism to adjust the benchmarks on a regular and timely basis and recognize the regional differences of school boards' capital requirements.

## **Recommendation 11**

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

## **SCHOOL BOARD ADMINISTRATION**

Since 1998, boards have struggled to operate within their administrative allocations and have reduced administrative positions significantly. Reduced funding flexibility and tighter spending restrictions for school board administration have been put in place at the same time as administrative workload and cost pressures have increased. Legal costs, for example, have increased for a variety of reasons. Given current staffing levels, school boards find it increasingly difficult to handle information and data requests on a timely and efficient basis.

Because there is no specific grant for Administrative IT needs, these costs must be funded from the board administration grant and have contributed to expenditure increases over the past few years. Computer hardware and software quickly becomes obsolete and must be refreshed in order to maintain maximum efficiency. The cost of sophisticated software programs, support and training has escalated.

A particularly significant example of the increased administrative burden that boards are now facing relates to MISA and OnSIS. If boards are to complete the implementation of these initiatives within the required timelines, they will require additional assistance.

There is also a lack of funding support for the repair and maintenance of administrative buildings. There is no room within the existing administrative envelope to cover the cost of major repairs to aging administrative buildings. Not all boards have access to funds for this purpose as a result of the sale of existing administration buildings.

The formulae that generate the Administrative grant should be reviewed to provide adequate funding for administration purposes. Refinements should include a declining enrolment provision to recognize the inability of school boards to downsize administration when relatively minor enrolment declines occur.

### **Recommendation 12**

**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, and 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 13**

**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 14**

**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.**

#### **TIMING OF MINISTRY ANNOUNCEMENTS**

The early funding announcement for 2007-08 was welcomed by school boards as it enabled them to complete their budget process in the spring of 2007. These allocations were augmented by a subsequent announcement in mid-August that provided enhanced funding in a number of key areas. Although school boards welcomed the additional funding, its timing limited the positive impact on school based operations.

#### **Recommendation 15**

**That the government and the Ministry of Education make all announcements pertaining to the distribution of funds, whether operating or capital, in a timely fashion, to allow school boards adequate time to plan and implement programs in a responsible, accountable, efficient and effective manner and that the announcements pertaining to the annual Grants for Students Needs be made not later than March 31<sup>st</sup> of the prior year.**

#### **PROVINCIAL ADVISORY COMMITTEE ON FUNDING BENCHMARKS**

OCSTA must continue to emphasize the value to the Minister and to Ontario education of an on-going provincial committee dealing with the education funding model as a whole. OCSTA shares the Minister's concerns regarding the impact of piecemeal refinements to the funding model since its inception and sees such a provincial committee as a viable solution to this problem. This provincial advisory committee, made up of representatives from local school boards, provincial associations and senior Ministry staff, would meet on a regular basis to review the funding formula and its benchmarks and provide recommendations to the Minister regarding appropriate refinements. It 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 16**

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

## **THE PROSPECT OF A RETURN TO A LOCAL LEVY**

It continues to be recommended by some that local school boards be allowed to levy ratepayers in a limited way as a means of finding new money for education without imposing a heavier burden on the provincial budget. OCSTA would strongly oppose a return to any type of local tax levy by school boards. The introduction of the current funding model remedied the inequity of assessment wealth as a source of education financing. Equitable education funding must be maintained.

A return to some form of local tax assessment would also involve the government in an expensive process of equalization.

### **Recommendation 17**

**That taxation powers in regard to education remain fully within the mandate of the provincial government.**

## CONCLUSION

OCSTA appreciates the significant steps taken by the government in improving the funding of education for 2007-08. An opportunity now exists to address remaining shortcomings in the funding formula. Corrections must be made to the benchmarks to provide for better alignment with actual costs. The review of the funding model should take place as soon as possible so that changes emanating from the review can be in place not later than the 2009-10 school year. Without these corrections many of our boards will not be able to develop balanced budgets without significant reductions in programs, services and personnel.

We express our strong support for the present funding model and would not want to see it abandoned. The funding model does require some refinements and enhancements and these should take place within the core principles of equity, adequacy, flexibility/autonomy and accountability.

OCSTA looks forward to working in partnership with the Minister, Ministry staff and other stakeholders in education on funding refinements and in particular on a provincial advisory committee on funding benchmarks. We urge immediate action in these endeavours.

## SUMMARY OF RECOMMENDATIONS

### **Recommendation 1**

- a. That the Ministry of Education immediately convene a task force comprised of school board officials, Ministry of Education personnel, personnel from other provincial Ministries and related organizations as needed to examine the impact of declining enrolment in school boards across the province and recommend long-term strategies for dealing with this issue.
- b. That all provincial strategies designed to deal with declining enrolment realities respect the legislative and constitutional framework for education in Ontario, which includes public, Catholic, French-language and English-language school boards.

### **Recommendation 2**

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**Ontario Catholic School Trustees' Association**  
**BOARD OF DIRECTORS**

**2007-2008**

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Trustees' Association

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