

2000:B3

MEMORANDUM TO: Directors of Education

FROM: Norbert Hartmann
Assistant Deputy Minister
Elementary/Secondary Business and Finance Division

DATE: March 9, 2000

SUBJECT: Overview of student-focused funding in 2000-01

On March 9, 2000, the Minister of Education wrote to chairs of district school boards about student-focused funding in 2000-01. I am pleased to provide the information you require to complete your financial planning for the next school year.

The government has announced significant changes in funding for elementary and secondary education in 2000-01, including new investments in students, in leadership, and in supports to help boards manage the system of publicly-funded education in Ontario. These investments represent an estimated total of \$358 million in permanent enhancements to student-focused funding, and include:

- Funding for special education that maintains the enhanced level of funding under the Special Education Per Pupil Amount, and increases funding based on validated claims under the Intensive Support Amount; (\$40 million)
- New funding under the Learning Opportunities Grant for an expanded range of programs to increase literacy and numeracy of at-risk students; (\$25 million)
- Enhanced funding under the Language Grant for French school boards to help improve learning outcomes for Francophone students; (\$10 million)
- Increased per-pupil funding for English as a Second Language; (\$20 million)
- New funding for courses to support students' transfers between applied and academic streams in secondary school; (\$2.5 million)

- New funding to recognize the inclusion of a portion of the Teacher Adviser Program in the calculation of instructional time; (\$64 million)
- New funding for principals for boards with a high proportion of smaller schools; (\$10 million)
- Enhanced funding for administration of small boards; (\$4.5 million)
- Enhancements to the Foundation Grant and most special purpose grants to recognize cost pressures, and to help boards reach responsible collective agreements. (\$182 million)

In addition, the government will provide an estimated \$7 million in transitional funding to support implementation of transportation management technology.

The government has also amended the regulations concerning instructional time and class size, to help boards reach collective agreements with teachers that meet the government's expectations concerning compliance with instructional time and class size standards.

The government is also reinvesting boards' savings from the suspension of employers' contributions to the Ontario Municipal Employees Retirement System (OMERS) into the enhancements described above. The ministry's estimate is that the OMERS reinvestment will contribute \$83 million of the \$358 million of enhancements to student-focused funding in the 2000-01 school year.

When the OMERS reinvestment is factored in, as well as other factors, such as changes in projected enrolment, teacher retirements, and impact of increased revenues on phase-in funding entitlements, overall funding will increase by \$190 million as compared to projections for 1999-00.

This memorandum outlines the major changes that will be put into effect in the 2000-01 school year.

Special Education Grant

As announced by the Minister in January, 2000, funding for special education has been increased as part of a comprehensive strategy to improve special education in Ontario.

The \$30 million investment in the Special Education Per Pupil Amount (SEPPA), introduced in 1999-00, will be maintained in 2000-01 and future years.

In addition, an estimated \$40 million will be added to special education funding, based on validated claims under the Intensive Support Amount (ISA). Boards will submit ISA claims for the 2000-01 school year, using the eligibility criteria tested in 1999-00. To protect service levels for students with special needs, no board will receive less ISA funding in 2000-01 than it received in 1999-2000, even if the number of ISA 2 and 3 claims validated in 2000-01 would generate a lower level of funding. This transitional measure is being continued for one more year to help ensure service continuity. Boards should evaluate their programs and services in light of the pattern emerging in their validated results and work closely with students and their parents to ensure that appropriate services continue to be provided, as outlined in the Individual Education Plans (IEPs).

The Minister also announced that boards will have greater flexibility in the use of special education funding, but boards will also have to meet enhanced standards for accountability to parents.

The ISA process will allocate an equitable amount of funding based on each board's incidence of students with high needs. ISA funding will then be available, together with other special education funding, to allow each board to allocate resources flexibly to deliver appropriate supports that respond to individual children's needs. As in prior years, special education funding remains protected, and boards must demonstrate that they have used their Special Education Grant for special education.

Boards will plan students' special education programs and services through each student's Individual Education Plan (IEP), and boards are expected to deliver programs and services as outlined in each student's IEP regardless of that student's eligibility determination under ISA. The ministry is developing standards for IEPs over the next few months, and will begin reviews of IEPs in 2000-01.

Literacy and Numeracy Programs under the Learning Opportunities Grant

In March 1999, the ministry introduced funding for Grade 8 summer school, to provide additional supports to students at risk of not meeting the new standards in the curriculum. For this summer, and for future years, the government is significantly expanding the scope of supports to help students acquire the skills to meet the new standards for literacy and numeracy.

This funding will be allocated through a new component of the Learning Opportunities Grant.

Funding will be provided for programs to enhance the literacy and numeracy skills of students at risk of not meeting the standards required for successful completion of the new curriculum and the Grade 10 literacy test. Grade 8 summer school will be continued.

Funding will be provided for summer programs, and for programs provided during the school year before and/or after school, for students in Grades 7, 8, 9, and 10. Funding will also be provided for programs for parents of at-risk students in all grades, to help them support increased literacy and numeracy at home.

These expanded literacy and numeracy programs will also be funded in the summer of 2000, through amendments to the 1999-2000 regulations.

All these programs will be funded at the Continuing Education rate. Transportation funding for literacy and numeracy programs for students in the summer has also been increased. Total funding will match the extent to which boards deliver these new programs. The ministry has estimated that these new programs will increase school board allocations by \$25M in 2000-01.

Improving outcomes for Francophone students

The ministry completed a comprehensive review of funding for French boards in the winter of 1999-2000. Over the course of this study, French boards identified many concerns common to smaller boards, and boards with sparse pupil populations. In addition, however, a number of issues were identified which related specifically to the challenges faced by French boards in educating their students in predominantly English-speaking communities.

In response, the government has increased funding under the Language Grant for French-language boards by an estimated \$10M in 2000-01.

English as a Second Language

In response to concerns raised by parents and boards and to improve learning outcomes for students who need English as a Second Language (ESL) supports, the government has introduced changes that will increase the funding provided to boards for ESL programs.

The ministry enhanced funding in both parts of the allocation – for students new to Canada, and for Canadian-born students. These changes will increase funding available to boards by an estimated \$20M in 2000-01.

The per-pupil funding for students new to Canada for the ESL component of the Language Grant has been increased from \$2,235 to \$2,672. Part of this increase is due to the adjustment of the average salary benchmarks, but most of this increase is due to the enhancement of funding for this program. Each board's amount for the Canadian-born component of the allocation is also increased.

The ministry has retained the current criteria that determine eligibility for ESL because these are a fair and objective way to measure each board's relative need for ESL funding, and set a reasonable administrative burden on boards to collect, maintain, and report information to the ministry.

Continuing Education and Summer School course to support secondary school reform

As a support for secondary school reform, we will now be funding, at the Continuing Education rate, those programs and courses that support secondary students' transfers between academic and applied courses, and courses that lead to partial credits (as provided for in the ministry's secondary schools program and diploma requirements). The estimated impact of this enhancement is \$2.5 million.

Teacher Adviser

To support students in making important decisions about their education and long-term goals, the government introduced the Teacher Adviser Program for all students in grades 7 to 11. The teacher adviser will be a key school contact for parents, providing them with an overview of their child's progress at school and regularly discussing the next steps in their child's education. The teacher adviser meets regularly with students to help them with their annual education plans and to keep track of their academic progress.

The 1999-00 school year was the first year of the program, with students in grades 7 to 9 participating. The government is now committing an additional \$64 million for the Teacher Adviser Program in 2000-01. This funding will support the full implementation of the program for grades 9 to 11 and allow school boards to extend the program to Grade 12.

Instructional time and class size

The government has set clear expectations that school boards and teachers will reach collective agreements where teacher workload meets the legislated standards concerning instructional time and class size.

The government has recognized that the Teacher Adviser Program, newly implemented as part of secondary school reform, has an impact on teacher workload. As a result, a new regulation concerning instructional time has been put in place so that teacher adviser duties are recognized as instructional time for secondary teachers. The total instructional time standard of 1250 minutes out of 1500 for secondary teachers remains the same. The balance between instructional time and preparation time remains unchanged.

The funding benchmarks in the Foundation Grant and other grants have been adjusted to fund approximately 30 minutes per week of instructional time on average for teacher adviser duties.

The ministry has also introduced other provisions in the instructional time and class size regulations to clarify the intent of the standards. As part of the release of the 2000-01 regulations, the ministry is publishing a new Policy/Program Memorandum on these standards. This Memorandum will outline for school boards the new reporting expectations and compliance processes that will be needed to ensure consistency with the government's intent.

These measures will help boards and teachers reach agreements that are fully in keeping with the legislated standards governing teachers' average workloads.

Funding for principals

The government recognizes that school leadership is key to successful implementation of the curriculum and the ministry's other initiatives to provide quality education. The ministry is providing enhanced funding for principals to boards with a high proportion of small schools.

The Geographic and School Authorities Grant will include a new component that will provide an estimated \$10 million in additional funding. Boards that receive this new funding will have the flexibility to use it to provide more principals or to increase the time that part-time principals can spend in their principal duties.

Administration funding for small boards

The government recognizes that every board, regardless of its size, must provide core administrative functions. This enhancement provides an increase to small boards, with the highest proportional increases going to the smallest boards.

This enhancement, estimated at \$4.5 million, is added to the directors and supervisory officers component of the Administration and Governance Grant. The base amount and per-pupil amounts of the allocation are adjusted to direct additional funding to boards with approximately 22,000 students, or fewer. Boards have flexibility, within the administration and governance envelope, to use this funding for supervisory officers, other administration staff, or other supports.

Enhancements to address cost pressures and support responsible collective agreements

The Foundation Grant has been increased from \$3,367 to \$3,429 for each elementary student and from \$3,953 to \$4,094 for each secondary student. Other grants have also been increased. In each of the grants that use benchmark amounts for teachers' salaries and benefits in determination of funding levels, the ministry has adjusted the benchmarks by 1.95%. The salary and benefit benchmarks for most categories of non-teaching staff have also been increased by 1.95%.

The salary and benefit benchmarks in the Pupil Accommodation Grant have not been increased. Last year the government added \$218 million to the school operations and school renewal components to recognize unique design features and support schools that are not at full capacity (the 20% top-up funding). This enhancement is maintained for 2000-01 and future years.

One key purpose of these enhancements is to help boards reach responsible collective agreements. Boards retain flexibility concerning how to use these enhancements. The estimated impact of these enhancements is \$182 million in 2000-01.

It is important to note that most of this new funding is an enhancement to classroom funding. The increases to the various grants also affect the attribution of grants to expenditure categories, with the result that the grant-by-grant distribution of classroom and non-classroom funding has also been adjusted.

Transportation

Boards continue to have significant opportunities to reduce costs through greater efficiencies – particularly through greater collaboration in the planning and delivery of transportation services. As a result, funding levels for the Transportation Grant will remain at 1999-00 levels, adjusted for enrolment and actual costs of student transportation to Provincial Schools.

The ministry is aware of cost pressures on bus operators and boards due to recent increases in fuel prices. The government will continue to monitor this pressure.

As you know, the ministry is working with the Transportation Review Committee to develop and test a new approach to funding, based on information developed through transportation management technology. To put this new funding approach into effect, and to achieve greater efficiencies in day-to-day transportation, the ministry anticipates that the consortia or departments that manage boards' transportation will need to implement technology for route optimization.

The ministry recognizes that not all consortia or board departments that manage transportation have implemented this technology or have trained staff in its use for route optimization. The government has agreed to make \$7 million in transitional funding available in 2000-01 to help boards that need to implement this technology. This funding will be provided to boards which request it and which meet eligibility requirements. It will be provided as a one-year allocation to be recovered in 2001-02 – in effect, as a short-term, interest-free loan.

The ministry is currently reviewing transportation management technology as part of its development of a new approach to funding. This review will inform the eligibility criteria for this transitional funding. Once the review is complete, the ministry will announce details of the loan program, and amend or introduce regulations to implement it. As a result, provisions for the loan program are not reflected in the new grant regulations for the 2000-01 school year.

Pupil Accommodation Grant

Funding for new pupil places will reflect the results of the ministry's review of relocatable classroom modules and leases. Changes as a result of this review are shown in each board's rated capacity, and do not require changes to the grant regulation.

New provisions in the regulations will support the transfer of schools between boards without negative impacts on either board's capacity ratings, where this transfer is consistent with the boards' long term accommodation plans and is approved by the ministry.

The regulation has been amended to remove the \$20 million cap on allocations under the New Pupil Places Grant, in the year following the year in which a board has begun a capital program that exceeds \$200 million in value.

Details concerning these changes and others are provided in a separate memorandum concerning Pupil Accommodation Grants that I have sent to you also on March 9, 2000.

OMERS reinvestment

Most non-teaching employees of school boards are part of the Ontario Municipal Employees Retirement System (OMERS). Because of surpluses in OMERS, school boards (like other employers) will not be required to make pension contributions for OMERS employees during the 2000-01 school year. As a result, boards will have lower expenses for employee benefits than they otherwise would have.

The salary and benefit benchmarks throughout student-focused funding reflect boards' costs for making pension contributions on behalf of these employees.

The government has decided to reinvest the savings from the suspension of employer contributions to OMERS into the enhancements described above. As part of the estimates forms to be released shortly, the ministry will require boards to provide information that identifies the amount of their OMERS contribution savings. The ministry will reinvest these savings through an adjustment to each board's total allocation. This approach to reinvesting the savings means that the underlying salary and benefit benchmarks for OMERS employees are not reduced.

The ministry's estimate is that the OMERS reinvestment will contribute \$83 million of the \$358 million of program enhancements in the 2000-01 school year.

Technical amendments

The following section provides a brief description of technical amendments to the regulations.

Phase-in

Provisions that limited boards' increases in operating expenditure to no more than 4% per year (often called "negative mitigation") have been eliminated. All boards will receive their full entitlement to funding under the Foundation Grant and special purpose grants.

Special education

Eligibility requirements for the Special Incidence Portion (SIP) have been made more flexible, by eliminating the requirement that a student claimed for SIP must also be claimed as eligible for ISA 3.

Enrolment counts in Kindergarten and Junior Kindergarten

In order to support innovative Kindergarten and Junior Kindergarten programs, flexibility has been added to allow boards to offer a combined program where Kindergarten students are counted in average daily enrolment as 0.6 (equivalent to 3 days full-time) and Junior Kindergarten students are counted as 0.4 (equivalent to 2 days full-time).

Perfectionnement du Français

Perfectionnement du Français (PDF) is a component of the Language Grant for French boards whose eligibility requirements are very similar to the ESL component, and whose funding level is the same as ESL. The per-pupil amount of funding under this grant is increased to the same level as the ESL component in 2000-01.

Trustee election costs in unorganized territory

Trustee elections will be held in November 2000. In most places in the province, the *Municipal Elections Act* requires municipalities to organize trustee elections as part of the municipal election process, and to meet the costs of these elections. In territory without municipal organization that is included in a school board's jurisdiction (which occurs in northern and remote areas of the province), the *Municipal Elections Act* requires school boards to meet the costs of elections. Because these boards can no longer raise local revenue to meet these costs, the ministry will meet election costs in territory without municipal organization.

Boards will have flexibility to allow them to enter partnerships with other boards or adjacent municipalities to run elections efficiently. The ministry will meet actual costs of each board.

Future directions

The ministry will continue to refine student-focused funding.

The Transportation Review Committee and ministry staff will continue the work underway to refine the Transportation Grant.

The ministry will also initiate a review of remote and rural funding. This work will lead to recommendations for grant refinements in the 2001-02 school year.

Compliance with financial reporting requirements

Timely submission of boards' estimates, revised estimates, and financial statements is critical for calculating boards' entitlements to funding and avoiding unplanned adjustments to cash flow. It is also critical to the ministry's capacity to accurately project impacts on the government's fiscal plan, and support decisions about refinement of student-focused funding.

In 1999-2000, many boards have not submitted reports within the required timeframes.

Beginning with the 2000-01 cycle, the ministry will introduce cash-flow consequences for boards that do not submit reports within the time frames required. Further details about this policy will be provided with the instructions for completion of the 2000-01 estimates forms.

Further information

The following resources will be made available to school boards to assist in preparing their budgets and planning for the 2000-01 school year:

- *Student-Focused Funding Technical Paper*, March 2000
- *Pupil Accommodation Grants Technical Paper*, March 2000
- *Policy/Program Memorandum* on the reporting of minimum teaching time for secondary schools and the implementation of the Teacher Adviser Program
- *Resource Manual for the Special Education Grant Intensive Support Amount, 2000-01*
- *Student-Focused Funding: Projections of School Board Funding for the 2000-01 School Year*
- *2000-01 Grant Regulations*.

The ministry expects to release the 2000-01 estimates forms by March 31, 2000.

The ministry has also published a *Parents' Guide to Student-Focused Funding* (revised for the 2000-01 school year), fact sheets, and backgrounders on its public web site. Boards may find these materials useful for communications with parents, staff, and interested members of the public.

If you require further information about any of these changes, please contact:

Special Education Grant	Heather Driver	(416) 326 0202
Pupil Accommodation Grant	Drew Nameth	(416) 325 4030
	Theo Grootenboer	(416) 325 2019
Other changes in the 2000-01 regulations	Nancy Naylor	(416) 325 2828
	Peter Gooch	(416) 325 1805

The ministry is pleased to provide information about funding in 2000-01 in advance of the school year to support planning and accountability to students, parents, and the public.

The Minister has emphasized that, with the significant investments added in 2000-01, boards will have the flexibility they require to reach collective agreements with teachers that meet the legislated standards for instructional time and class size. These investments will also help us meet our shared goals – to provide more funding for students and teachers in the classroom, continue to implement the new curriculum and secondary school reform, and improve education for the benefit of all Ontario's students.

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