

**MEMORANDUM TO: Directors of Education**

**FROM: Kevin Kobus  
Assistant Deputy Minister**

**DATE: May 26, 2004**

**SUBJECT: Funding for Student Transportation**

---

I am writing further to Numbered Memorandum 2004:B5 to provide additional information regarding the funding of student transportation in 2004-05.

### **New Funding Model for Student Transportation**

As indicated in that memorandum, beginning in 2004-05, the government is introducing a new student transportation funding model that addresses the diverse needs of school boards throughout the province. A description of this model is provided in the document, *Equitable Allocation Through a New Funding Model for Student Transportation in Ontario: A Discussion Paper*, which will soon be available on the Ministry of Education Web site at <http://www.edu.gov.on.ca/eng/funding/0405/index.html>.

The government's intention is to test this model in 2004-05, while allowing for a full consultation during that time. Over the coming year, Ministry staff will continue to work with members of the Transportation Review Committee and other partners in education to refine all aspects of the model.

The new model incorporates the eleven components outlined in Numbered Memorandum 2003:B15 shared with boards last June, and takes into account a number of factors beyond the control of school boards that affect their ability to provide transportation services. These factors reflect differences in the location of a board's students and schools, differences in road networks, and climatic differences.

Interim parameters have been assigned to each of these factors for purposes of calculating grants and testing the new model in 2004-05. Those parameters will be reviewed during the consultation process to ensure that they appropriately reflect factors that impact student transportation. Any changes resulting from this consultation process will be incorporated into the model for the 2005-06 school year.

*If the consultation process does result in changes to any of the funding parameters being implemented effective 2005-06 (or subsequent years), projections outlined in the discussion paper will be misleading. Boards may wish to defer making any major decisions which may significantly impact their expenditures on student transportation until the results of that consultation are made available.*

**Stability in Funding**

To provide for a responsible introduction of this new funding approach, and to ensure stability in the system, board allocations under the new funding model will be phased-in. Funding for student transportation will not be reduced for boards if the application of the new formula results in an allocation which was less than the amount received in 2003-04. Similarly, in recognition that additional consultation is required before funding parameters are finalized, percentage increases will be capped for boards projected to receive increases in funding under the new model, as illustrated in the table below.

As announced by the Minister, benchmarks used to calculate various components in the Education Funding Model have been increased to keep up with recent cost increases. As a result, all boards will receive a 2% increase in funding for student transportation in 2004-05 in addition to the amounts they are entitled to receive as a result of phasing in the new model. It is estimated that the Student Transportation Grant will total \$684.7 M in 2004-05, which represents an increase of \$33.5 M or 5.1% over 2003-04 funding levels.

<b>Comparison of Application of New Model with 2003-04 Allocation</b>	<b>Phase In Allocation</b>	<b>Benchmark Adjustment</b>	<b>Total Change in Funding for Student Transportation</b>
Increase of greater than 30%	10.0 %	2.0%	12.0%
Increase of greater than 15% and less than or equal to 30%	5.0%	2.0%	7.0%
Increase of greater than 2.5% and less than or equal to 15%	2.5%	2.0%	4.5%
Increase of less than or equal to 2.5% (i.e. x%)	x%	2.0%	x + 2%
Decrease	0.0%	2.0%	2.0%

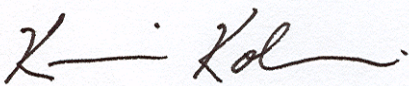
**Transportation Consortia**

The government recognizes that much work has been done in the sector to deliver student transportation efficiently through consortia, but there is still more to do. School boards are strongly encouraged to continue to build partnerships and to look for ways of delivering student transportation in order to ensure that duplication of effort is eliminated.

Numbered Memorandum 2003:B15 indicated that school board allocations for student transportation would be contingent on a board's participation in a consortium. That requirement has been deferred for 2004-05. During the consultation period over the coming year on the new funding model, boards will also have an opportunity to provide advice around the issue of consortia.

### **Additional Information**

Questions regarding the new transportation funding model should be directed to Drew Nameth at (416) 325-4030 (e-mail at [drew.nameth@edu.gov.on.ca](mailto:drew.nameth@edu.gov.on.ca)) or to Kerry Pond at (416) 212-1180 (e-mail at [kerry.pond@edu.gov.on.ca](mailto:kerry.pond@edu.gov.on.ca)).

A handwritten signature in black ink, appearing to read "Kevin Kobus", is centered on a light gray rectangular background.

Kevin Kobus  
Assistant Deputy Minister  
Business and Finance Division

cc: Superintendents of Business  
Transportation Managers