

**2006: B14**

**MEMORANDUM TO:** Directors of Education  
Secretaries of School Authorities

**FROM:** Nancy Naylor  
Assistant Deputy Minister  
Business and Finance Division

**DATE:** November 24, 2006

**SUBJECT:** **Planning Assumptions for 2007-08 and  
Preliminary Financial Management Plans**

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I am writing to share with you some overview numbers to illustrate the finances of the Ontario school board sector, to outline the ministry's plans for working with selected boards on preliminary financial management plans, and to provide planning assumptions for the 2007-08 GSN budget cycle.

### **Overview of School Board Finances**

We appreciate the dedicated work undertaken by Ontario school board trustees and staff to develop their 2006-07 budgets. Ministry staff have been impressed by the extent to which boards have worked thoughtfully on the preparation of budgets that increasingly focus resources in areas which support positive student outcomes.

For the 2006-07 school year, 69 school boards across the province have submitted balanced budgets. The ministry is working actively with the remaining boards to implement plans to return to balanced positions.

We appreciate that boards are currently in the process of finalizing their Financial Statements for 2005-06. However, from data submitted with the 2006-07 Estimates and from other information shared with the ministry by boards, we are in a position to share the following observations:

- The ministry projects that 64 of 72 boards will finish the 2005-06 year in balance or surplus, up from 48 boards at the time of revised estimates.
- Only 3 of the 8 boards with deficits are expected to be in excess of 1% of the operating allocation.

- As of 2005-06 Revised Estimates, boards had projected an aggregate of \$94 M in deficits; the ministry projects that aggregate deficits for 2005-06 will decline to \$20 M.

## **Preliminary Financial Management Plans**

In past years, the ministry has asked boards that submitted Revised Estimates with a deficit exceeding 1% of operating revenue to prepare a deficit management plan. The majority of boards have submitted balanced budgets for 2006-07. Going forward, the ministry intends to work more closely with boards that have submitted budgets where operating reserves have been used to achieve a balanced position and where the reliance on reserves is not sustainable in future years. Specifically, the ministry plans to work with boards meeting the following criteria:

- where boards used reserves greater than 1% of operating allocation in 2006-07 to balance; and
- where remaining operating reserves are unlikely to last beyond 2007-08 (based on usage in 2006-07)

Based on 2006-07 Estimates data, the ministry projects there will be 5 such boards.

As a result, the ministry will be requesting these boards to prepare a preliminary financial management plan for the 2007-08 school year which demonstrates that the board can achieve a balanced budget in 2007-08.

Where boards have relied on reserve funds to a lesser extent in 2006-07 to achieve a balanced position, the ministry will be reviewing with board staff the extent to which reserve revenue is supporting recurring expenditures as boards work towards preparing their 2007-08 budgets.

## **Planning for 2007-08 GSN**

The ministry is committed to releasing the 2007-08 GSN earlier in the school year and to retaining the June 30, 2007 deadline for submission of Estimates for the 2007-08 school year.

To support this timing, we have introduced one change relative to previous years. Boards were asked to submit board-level enrolment projections on November 30, 2006 for the 2007-08 school year. This small advance in timing will allow the ministry to finalize its base forecast for 2007-08 earlier than in previous years and to support an earlier release of the 2007-08 GSN.

Boards are asked to pay close attention to their enrolment projections, both for 2007-08 and internally, for future years. There is a pattern of declining enrolment in most areas of the province; as of 2006-07, 60 boards experienced declining enrolment in the elementary panel and 27 boards experienced declining enrolment in the secondary panel. Declining enrolment is most evident in the primary grades. Although there are

funding supports in the GSN to address fixed costs, such as the new School Foundation Grant, Declining Enrolment Grant, and the School Operations Top-Up, boards should take these trends into account when making staffing decisions for future years.

The ministry is aware that most boards will begin their staffing process in early March. For the purposes of planning, boards are advised of the following guidelines which may be used to guide staffing decisions:

- the ministry will fund a full fourth year of additional teachers to support the implementation of the primary class size initiative. Boards will receive increased funding equivalent to funding in each of the three previous years, adjusted for enrolment change in their own board.
- the ministry will fund a 3% increase in all salary benchmarks to reflect the four year labour framework.
- The ministry will fund elementary specialist teachers and secondary Student Success teachers to reflect the four-year labour framework:

Under the labour framework, elementary teachers' preparation time on a weekly basis has been set at the following levels:

180 minutes in 2006–07,  
190 minutes in 2007–08, and  
200 minutes at June 30, 2008.

Ministry and board funding supports increased preparation time at the following levels:

28 minutes in 2006–07 (an additional 18 minutes over 2005–06),  
38 minutes in 2007–08 (an additional 10 minutes over 2006–07), and  
48 minutes in 2008–09 (an additional 10 minutes over 2007–08).

In 2007-08, the ministry will, as called for in the labour framework, fund 7 of the additional 10 minutes of elementary prep time.

- The ministry will also fund over 1,900 Student Success teachers in 2007-08, an increase of more than 300 over the 2006-07 year.

To assist boards in working with these planning assumptions, the ministry has developed an appendix which provides projected board by board numbers for teacher staffing for 2007-08. This appendix has been based on the board's enrolment estimate for 2007-08, as submitted to the ministry in January 2006. Boards are advised to adjust these figures based on any known variation in enrolment since those estimates were developed and submitted to the ministry.

This appendix updates Appendices 2 and 4 in memorandum **2005: B5**, which outlined board-by-board staffing projections for elementary specialist teachers and Student Success teachers. This update reflects the additional funding for elementary prep time

in 2006-07 that was provided by the ministry but was originally intended to be the responsibility of school boards.

The ministry is committed to working with school board trustees, staff, teachers, parents and advocates to continue the implementation of our priority initiatives: improving student achievement, increasing high school graduation rates and lowering primary class sizes. We continue to benefit from the advice and feedback from the education community in targeting funding in ways that support positive student outcomes. We look forward to working with boards throughout 2006-07 and towards a budget process for the 2007-08 school year.

A handwritten signature in black ink that reads "Nancy Naylor". The signature is written in a cursive, flowing style.

Nancy Naylor  
Assistant Deputy Minister  
Business and Finance Division

cc. Superintendents of Business