

2007: B9

MEMORANDUM TO: Directors of Education
Secretary/Treasurers of School Authorities

FROM: Nancy Naylor
Assistant Deputy Minister

DATE: August 14, 2007

SUBJECT: **Enhanced education funding for 2007-08 and 2008-09**

I am writing to inform you that, in response to requests from school boards and to sustain the momentum for continued improvement in education, the government has decided to increase Ontario's investment in its publicly funded schools by \$182M in 2007-08 and by a further \$127M in 2008-09.

It should be noted that the information in this memorandum is provided in advance of the release of a regulation to amend the regulation which governs grants to school boards within their 2007-08 fiscal year.

The initiatives and investments described herein for 2007-08 must be implemented by, and are conditional upon, the approval of this amending regulation by the Lieutenant Governor in Council.

The Ministry intends to seek approval for such a regulation in August 2007 and will advise you if such a regulation is approved.

Investments outlined in this document for 2008-09 will also require the approval of the Lieutenant Governor in Council to the appropriate regulation governing funding for the 2008-09 school board fiscal year.

These investments are targeted to helping school boards address specific financial pressures that are recognized as province-wide concerns. These pressures were identified by boards through their 2007-08 budget building processes and through submissions to and discussions with the Ministry.

Each board's projected total allocation of the \$182M enhancement for 2007-08 is attached as Appendix 1. Subject to approval of a revised regulation by the Lieutenant Governor in Council, this funding would begin flowing to boards next month for the start of the school year. It is expected that, under direction of its trustees, each board will make timely and effective use of this funding to respond to cost pressures, ensure a balanced budget, and address other challenges identified in its 2007-08 budget process, such as supporting education programs and services that meet student or local needs.

A. 2007-08 GSN ENHANCEMENTS

In March 2007, the government announced the fourth year of Ontario's multi-year funding plan for elementary and secondary education. Under this plan, total education funding through the 2007-08 GSN was projected to be \$18.26B, which was \$781M more than in 2006-07 and an increase of \$3.5B compared to the 2002-03 school year.

As in the previous years of the four-year plan, funding increases for 2007-08 not only raised the level of investment in education, but also supported important reforms to the funding formula that had been developed with the help and advice of the education sector.

For example, the 2007-08 GSN announced in March introduced three new grants: the Program Enhancement Grant; the First Nations, Métis and Inuit Education Supplement; and the Supported Schools Allocation of the Geographic Circumstances Grant. It provided additional targeted funding for French-language school boards, student trustees, and to address cost pressures for utilities. The government also provided funding to support ongoing work to reform the key funding areas of special education, student transportation, and school capital, and to support improved student achievement with increased allocations for smaller primary classes, more elementary specialist and secondary student success teachers, and enhanced salary benchmarks reflecting the four-year labour framework.

The additional \$182M in GSN funding for 2007-08 described in this memorandum will address system-wide financial pressures by providing enhanced support to the following areas:

- In-school leadership: Vice-principals
- In-school administration: Secretaries
- Education assistants/Special Education
- Professionals and para-professional staff
- Supply teachers
- School operations
- In-school administration: Office supplies
- Primary Class Size
- Rural schools
- Student transportation

These additional investments now bring the GSN funding level for 2007-08 to \$18.45B, an increase of \$963M compared to last year. That is an increase of \$3.71B, or \$2,156 more per student, since 2002-03.

In-School Leadership: Vice-Principals

In-school leadership has been identified as a key component of successful schools and a critical factor in continued improvement of student achievement. A significant number of education stakeholders have highlighted the important role of vice-principals. Additional resources for more vice-principal positions will help support the work of current in-school leadership and provide a stronger adult presence in schools. More vice-principals will also mean a larger pool of experienced, qualified and committed candidates for succession planning purposes.

Additional funding for vice-principals of \$41M will therefore be provided through the School Foundation Grant in 2007-08, through two enhancements:

- (1) \$31M to fund an additional 300 vice-principals. The formula for calculating this allocation has been amended to target additional resources to support the leadership needs of both smaller and larger schools. For example:
 - An elementary school will now start to generate funding for a vice-principal when its enrolment is 250 ADE, rather than the previous minimum of 300 ADE and an elementary school with an enrolment of 1,000 or more ADE will now generate funding for 2.0 rather than 1.5 vice-principals.
 - Secondary schools with an enrolment of 1,000 or more ADE will generate more funding for vice-principals, including at least 3.0 vice-principal positions for a secondary school of 1,500 ADE or greater, compared to the previous 2.5.
- (2) \$10M to increase the salary benchmarks for vice-principals to better reflect actual salary costs. This represents a 3.8 per cent increase in the salary benchmarks, bringing the elementary benchmark to \$94,789 and the secondary to \$100,000.

In-School Administration: Secretaries

Secretaries play a critical role in the proper administrative functioning of a school. Additional funding of \$12M will be provided in 2007-08 to update the salary benchmarks for secretaries so these benchmarks are more closely aligned with boards' actual costs.

This enhancement represents a 3.2 per cent increase in the salary benchmarks for secretaries, and would bring the secretary's benchmark salary to \$36,917 in the elementary panel and \$38,890 in the secondary panel.

Education Assistants/Special Education

\$20M will be provided in 2007-08 to better align salary benchmarks for Education Assistants (EAs) with boards' actual costs. There will be two separate enhancements:

- (1) \$1M to update the salary benchmark gap for EAs funded by the Pupil Foundation Grant. With the \$1M in funding the benchmark would be increased by 22 per cent to \$32,181, which is consistent with the average salary boards are reporting for EAs.
- (2) \$19M to increase the Special Education Per Pupil Amount (SEPPA). As there is no explicit salary benchmark in the Special Education Grant for EAs who serve children with special needs, this increase will be implemented through increases to the SEPPA per-pupil amounts for Grade 4 to 8 (a 2 per cent increase per student) and Grade 9 to 12 (a 5 per cent increase per student). This approach will also reduce the current difference in the per-pupil amounts between the three SEPPA categories JK to Grade 3, Grade 4 to 8, and Grade 9 to 12. Over all, this enhancement represents a 2 per cent increase in funding for SEPPA. Boards may use this funding to strengthen their special education programs to reflect their students' needs.

Professional and Para-Professional Staff

Professional and para-professional staff includes attendance counsellors, social workers, child/youth workers, community workers, and computer technicians, as well as professionals and paraprofessionals who provide support for special education, such as psychologists, psychometrists, and speech pathologists.

Additional funding of \$21M will be provided in 2007-08 to increase the staffing benchmarks for professional and para-professional supports so these are better aligned with actual costs. This increase represents a 5 per cent increase in the Pupil Foundation staffing benchmarks, with corresponding adjustments to relevant Special Purpose grants.

Supply Teachers

Key provincial investments and commitments to support improved student achievement, such as the Primary Class Size initiative and specialist teachers, have meant thousands of new teachers in Ontario classrooms. School boards have noted that one effect of this significant increase has been additional needs for supply teachers to cover the absences of these additional teachers.

Additional funding of \$19M will be provided in 2007-08 to address this need. This represents an 11.3 per cent increase in the supply teacher benchmark in the Pupil Foundation Grant.

School Operations

Additional funding in 2007-08 will provide a \$20M increase to School Operations benchmarks that will add approximately 1.2 per cent to the school operations budget of school boards to address a range of staffing and cost issues, with similar increases to the benchmarks for Regular and Rural Top-Up for School Operations.

In-School Administration: Office Supplies

Additional funding of \$5M will be provided for School Office Supplies through the School Foundation Grant. With this increase, the School Office Supplies base amount will increase by \$1,050 (the elementary base amount is currently \$1,000 and the secondary \$2,000).

Primary Class Size (PCS)

As part of the March 2007 GSN funding announcement for 2007-08, the government allocated a total of \$386M to the PCS initiative to support hiring of additional teachers. PCS plans for 2007-08 submitted to date show excellent progress throughout the province toward the PCS standard of 90 per cent of primary classes at 20 or fewer students and no primary class with more than 23 students.

To ensure that boards can continue to plan to implement the cap in 2007-08 in a way that provides maximum benefit to students, the government has decided to enhance PCS Reduction Amount funding by \$20M. This increase means that a total of \$120M in new funding will be allocated for additional teachers to support the PCS initiative in 2007-08. The PCS Reduction per-pupil amount will be raised to \$784 – a 5.2 per cent increase that will support an additional 240 teachers province-wide.

If a school board is already compliant with the PCS standards, it may use this additional funding to address other needs in the elementary panel, such as reducing the number of combined-grade classes or class size in grades 4 to 8; however, the funding must be used in the elementary panel.

As of 2007-08, the PCS initiative will have provided for more than 5,000 additional teachers in Ontario primary classrooms, supported by an investment that now stands at \$406M annually.

Rural Schools

Support for schools in rural communities will be increased with additional funding of \$12M in 2007-08. There will be two enhancements:

- (1) \$7M to enhance the Supported Schools Allocation by lowering the distance a school must be from the next closest school in order to qualify as a supported school:
 - An elementary school will now be supported if the next closest elementary school of the board is at least 20 km away.
 - A secondary school will now be supported if the next closest secondary school of the board is at least 45 km away.

This will add almost 110 schools to the current list of 177 supported schools. These additional Supported Schools are listed in Appendix 2.

- (2) \$5M to introduce the Rural and Small Community Allocation, which will be based on Statistics Canada's Rural and Small Community Measure (RSCM). The RSCM uses Statistics Canada population data to represent the proportion of a school board's population residing in rural areas or small communities. This measure is currently used to support provincial grants to municipalities through the Ontario Municipal Partnership Fund (OMPF). Boards are advised that, as in the OMPF, funding is being provided to boards with a minimum rural measure of 25 per cent, and on a sliding scale up to a rural measure of 75 per cent. Boards with a rural measure of 75 per cent or greater receive the full amount of support.

Student Transportation

As part of the ongoing student transportation reforms, the Ministry engaged Deloitte & Touche LLP to conduct a school bus cost study, incorporating standards for safe vehicles and trained drivers. This cost study was released on August 13 in Memorandum **2007: SB16 – Student Transportation - Cost Study**.

The cost study establishes a new cost benchmark for the operation of a 72-passenger school bus. The benchmark is primarily intended to serve as a reference and resource for school boards and operators in negotiating school bus contracts. However, the Ministry will provide an estimated \$12M in additional funding in parts of the province where current contract rates are below this new cost benchmark, as adjusted to their local circumstances.

It should be noted that current Ministry data on school bus contract rates is survey data which was not collected for funding purposes. For this reason, the Ministry will initiate a data collection from school boards to determine eligibility for a funding adjustment in the 2007-08 school year.

The Ministry will collect data from school boards on current average contract rates for 72 passenger school buses, as well as on final 2006-07 expenditures on student transportation. The Ministry will compare average local contract rates to the cost benchmark, with appropriate adjustments for average kilometres travelled. In boards

with multiple consortium partners, adjustments may also be provided to recognize additional operating days due to school board calendars. The board's transportation surplus or deficit, relative to its allocation, will also be taken into account in determining eligibility for a funding adjustment.

Where these calculations support an adjustment, one-time funding will be provided in the 2007-08 school year. This funding may be continued in 2008-09 and future years where boards have a consortium plan approved by the Consortia Plan Review Team and this plan indicates that the Board will be in full consortium status by the September 2008 deadline.

The Ministry has used data from the student transportation survey to prepare projections of school board eligibility for this funding adjustment; however, boards and operators are advised to use these projections with caution pending final confirmation of eligibility for 2007-08 funding.

The Ministry will issue an SB memo in the near future with further information about this calculation and funding adjustment.

In addition, as noted in memorandum **2007:B2 - Education Funding for 2007-08**, funding is available to support funding adjustments related to efficiency and effectiveness reviews of transportation consortiums that will be undertaken in the upcoming school year.

B. 2008-09 GSN ENHANCEMENTS

Benefits

As part of the submission of Estimates for the 2007-08 school year, the Ministry asked boards to fill out a new schedule on benefit expenditures. While the Ministry continues to work with the sector to review the costs of benefits, this information will be used to update the benefits benchmarks to better reflect actual costs in 2008-09. Additional funding of \$50M will be available to support this update.

New Schools In Growth Areas

Some school boards are, as a result of significant new residential development, facing needs for new schools. In 2006-07, the Government provided \$10M on an ongoing basis to support up to \$137M in capital funding for boards in need of schools in areas of new residential development.

Recognizing the need for additional growth schools, increased funding in 2008-09 will provide an additional \$10M, which will support a further \$137M for Growth Schools through the Pupil Accommodation Grant.

English As A Second Language (ESL)/Perfectionnement du français (PDF)

For 2007-08, total funding of \$310.6M is projected to be allocated through the ESL/ESD and ALF/PDF components of the Language Grant. In 2008-09, additional funding of \$10M will be made available to increase these components. This will increase the level of support for second year immigrant students under the Recent Immigrant Component by 12.5 per cent. Over all, the enhancement represents a 4.2 per cent increase in funding for ESL/PDF.

Program Enhancement Grant

As part of the GSN funding announcement for 2007-08, the government allocated a total of \$35M for a new Program Enhancement Grant to fund programs that support Ontario's commitment to a well-rounded education. Additional funding in 2008-09 will provide a \$10M increase in the Program Enhancement Grant, raising the per-school amount to \$9,650 – an increase of \$2,150 per school, or almost 30 per cent.

Board Administration

Additional funding of \$10M will be provided in 2008-09 to increase the Board Administration Component, of the School Board Administration and Governance Grant. This increase will be targeted to support for boards with lower enrolment levels. All boards with an enrolment of less than 26,000 ADE will receive a base amount of \$200,000 in addition to the current base amount of \$90,486.

Adult Education / Continuing Education

In 2007-08, funding through the Continuing Education and Other Programs Grant is projected to be \$110.3M. Additional funding in 2008-09 will provide a \$7M increase for adult education, raising the per-adult-student amount to \$2,880.

Student Transportation

A \$10M enhancement will be available in 2008-09 to support further refinements to the school bus cost benchmark.

School Operations

An additional \$10M in 2008-09 will support a further increase in School Operations benchmarks.

Special Education

An additional \$10M will be provided in 2008-09 to support Special Education.

C. REVIEW OF EDUCATION FUNDING BY 2010

In the last four years, the government has provided significant increases to education funding levels and has worked closely with school boards and other education partners to make the funding formula more effective. These improvements have supported real progress in raising student achievement levels and meeting student needs. The Ministry will continue to improve the funding formula on an annual basis. To evaluate the effectiveness of education funding, the government has announced that it is committed to undertaking a review of funding by 2010.

D. SCHOOL AUTHORITIES

As in previous years, funding for School Authorities will be adjusted in 2007-08, as appropriate, to reflect changes in funding to district school boards. The Ministry will provide further information concerning funding in 2007-08 for School Authorities in the near future.

E. FINANCIAL REPORTING AND IMPACT ON 2007-08 ESTIMATES

As noted above, subject to approval by the Lieutenant Governor in Council of a revised funding regulation, the Ministry would begin to flow the \$182M in enhancements through adjustments to boards' cash flow starting this September.

To help boards recalculate their revenues and make appropriate program decisions for the start of the school year, the Ministry will update the 2007-08 Estimates forms on EFIS to reflect the new funding benchmarks described in this memorandum. Boards will reflect their actual decisions about the use of this new funding in Revised Estimates, which are due November 30, 2007.

F. INFORMATION RESOURCES

The Ministry will make available, in the near future, revised version of two documents, the education funding *Technical Paper 2007-08* and *School Board Funding Projections for the 2007-08 School Year*. These will be posted on the Ministry website at www.edu.gov.on.ca.

If you require further information about school board funding in 2007-08, please contact:

Pupil Accommodation Grant	Nancy Whynot	(416) 325-4030 Nancy.whynot@ontario.ca
Transportation Grant	Cheri Hayward	(416) 327-7503 Cheri.hayward@ontario.ca
Other changes in the 2007-08 GSN	Didem Proulx	(416) 327-9060 Didem.proulx@ontario.ca
Financial accountability and reporting requirements	Andrew Davis	(416) 327-9356 Andrew.davis@ontario.ca

Through its four-year investment plan, the government has made annual, substantial increases to education funding while introducing significant funding formula reforms to increase the responsiveness of funding to individual student, school and board circumstances. The additional funding for 2007-08 and 2008-09 described in this memorandum builds on and reinforces the province's earlier investments and responds to school board requests.

These investments reflect the partnership between the Ministry, school boards, and the whole education community – a partnership built on co-operation and dialogue, with a strong focus on the common goal of improved student achievement.

I look forward to the start of the 2007-08 school year and to continuing to work with you for the benefit of all our students.



Nancy Naylor
Assistant Deputy Minister

Copy: Superintendents of Business and Finance