

Ministry of Education

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2012: B11

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

FROM: Gabriel F. Sékaly
Assistant Deputy Minister
Financial Policy and Business Division

DATE: May 10, 2012

SUBJECT: Implementing the 2012-13 Grants for Student Needs

I am writing to provide you with additional information to help you in developing board budgets for the 2012-13 school year. This information modifies and supplements the information that was provided to you in the memorandum of March 29, **2012:B5 - Education Funding in 2012-13** and April 12, **2012:B9 - Implementing Ontario's Balanced Budget Plan**.

Based on discussions with our education partners, we will be extending the implementation schedule for updates to the School Operations and Renewal Grant. In addition, we will be returning to using 2011-12 facility data as the basis for allocating School Foundation Grant funding for the 2012-13 school year.

It should be noted that a regulation to govern grants to school boards in their 2012-13 fiscal year has not yet been made. The information in this memorandum is provided in the absence of such a regulation.

The initiatives and investments described herein must be implemented by, and are conditional upon, the making of such a regulation by the Lieutenant Governor in Council.

The Ministry intends to seek such a regulation and will advise you if it is made.

Updates to the School Operations and Renewal Grant

On March 29, 2012, the Ministry of Education announced that it would be updating the 2012-13 School Facility Operations and Renewal Grant benchmarks through adjustments to the Geographic Adjustment Factor (GAF), the Over/Under 20 Years of Age Factor, and the Supplementary Area Factor (SAF). We also announced that the savings that resulted from these updates would be reinvested to support a benchmark increase in the School Renewal Allocation.

Although this update and reinvestment is revenue neutral on a province-wide basis, the reduction in funding for the School Operations Allocation because of the SAF update does have a significant impact on several boards, which, given the current fiscal circumstances, is placing an additional pressure on board budgets. To help boards adjust to the change in funding, we will be capping the degree to which a board's School Operations Allocation can decline as a result of the SAF update to four percent for the 2012-13 school year. The cap will be implemented by adding a table to the Grants for Student Needs (GSN) regulation that would give affected school boards additional funding that is equal to the difference between a board's total reduction in the School Operations Allocation and a four per cent reduction. This transitional support will be eliminated for the 2013-14 school year.

School Foundation Grant

In September 2011, school boards were advised that the Ministry would be reviewing all facility/campus data, including information on CampusIDs, and that the results of this review would be reflected in the 2012-13 GSN.

While the data review has been successfully completed, we recognize that there are still some anomalies and special circumstances that need to be further examined before introducing new parameters that determine a school's eligibility to generate School Foundation Grant (SFG) funding. To support this examination, the Ministry will be returning to using 2011-12 data to define a "school" for the purposes of allocating the SFG in 2012-13. In calculating SFG funding entitlements, this data will continue to be adjusted for 2012-13 enrolment in those eligible schools. All schools eligible for SFG funding in 2011-12, as well as all schools that are opening or closing in 2012-13, will be listed in a table in the GSN regulation for the coming school year. If necessary, a regulatory amendment would be prepared to accommodate any in year changes in the list of eligible schools.

As mentioned in memorandum **2012:B5**, the Ministry will be examining the incentives built into the GSN that encourage school boards to establish and maintain small and/or under-utilized schools, particularly in urban areas, with the goal of implementing changes in the 2013-14 school year. It is expected that the new definition of a school for the purposes of SFG will be an important input for that exercise.

A new EFIS document set will be released shortly to reflect the changes outlined in this memorandum. In addition, the Excel Appendix C will be revised to reflect the new table of schools in the regulation, with updates for new and closed schools in 2012-13. The

Ministry has received to-date 46 Appendix C submissions from boards and will transfer the input data (enrolment, staffing) from these 46 previous versions into a new version. A copy of the new version will then be sent back to boards for their review and more detailed instructions will be provided to boards upon release of the revised forms.

If you require further information about implementing the GSN for 2012-13, please contact:

| Issue | Name | Contact |
|---|--------------|--|
| School Operations and Renewal Grant | Grant Osborn | (416) 325-1705 grant.osborn@ontario.ca |
| School Foundation Grant | Joshua Paul | (416) 327-9060 joshua.paul@ontario.ca |
| Financial accountability and reporting requirements | Andrew Davis | (416) 327-9356 andrew.davis@ontario.ca |

Budget building is always a challenge, and this is especially true, in a period of fiscal restraint. We hope that the changes described above will help you prepare your budgets in a manner that meets the requirements of the *Education Act* and protects the gains that we have made together in education over the past several years.

Originally Signed By:

Gabriel F. Sékaly
Assistant Deputy Minister

cc: Superintendents of Business and Finance