

2012: B9

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

FROM: Gabriel F. Sékaly
Assistant Deputy Minister

DATE: April 12, 2012

SUBJECT: **Implementing Ontario's Balanced Budget Plan**

I am writing to provide you with additional direction on the effective implementation of the government's balanced budget plan which was announced in the spring Budget and in the memorandum of March 29, **2012:B5 - Education Funding in 2012-13**.

As you know, the government is currently facilitating a Provincial Discussion Table (PDT) process to establish a framework for negotiating local collective agreements in the education sector. As the basis for this process, on February 22, 2012, the government tabled fiscal parameters for PDT agreements. These parameters have subsequently been incorporated into the documents outlining the 2012-13 Grant for Student Needs (GSN), which was released on March 29, 2012.

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.

Under these parameters, the government has proposed that the parties replace the education sector's current plans for sick leave and retirement gratuities with a short-term sick leave plan similar to that used in the Ontario Public Service. Under this proposal, a new short-term sickness plan would take effect as of September 1, 2012, and would apply to both unionized and non-unionized staff (e.g., directors, supervisory officers, principals, vice-principals).

With respect to compensation constraints, the government proposes that there will be no government funding allocated to school boards in 2012-13 for salary increases, including any salary increases resulting from an employee's movement on a salary grid. It is clear that this parameter is also meant to apply to all staff, both unionized and non-unionized.

It is also clear that the intent of this parameter is to freeze compensation increases from all sources, including perquisites, gratuities, termination or retirement payments, or any other form of remuneration or payment. Perquisites are described in the Broader Public Sector Perquisites Directive (August 2, 2011).

Since June 2011, the Ministry has worked collaboratively with school boards on the BPS Expenses Directive Working Group to develop implementation guidelines for school board spending. These guidelines, which were released on March 28, 2012, help school boards ensure that they are limiting and controlling spending on travel, meal, mileage, and hospitality expenses. We have every confidence that school boards understand the government's expectations with respect to compensation constraints, and that further administrative or regulatory compliance mechanisms will not be necessary.

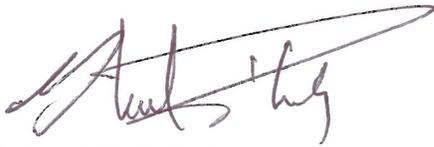
The goal of the PDT process is to ensure that all local agreements are within the fiscal parameters as set out in the Budget. We would ask that you notify the Ministry if local bargaining begins in the absence of such a framework being in place. Where such local bargaining does occur, it is important for school boards to be mindful of their responsibility to taxpayers to negotiate agreements that are within the board's funding envelope, as determined by the GSN, and therefore sustainable over the life of the agreement and, that do not have a negative impact on student achievement and the classroom experience. Boards require Ministry approval of a deficit in excess of 1 percent of operating revenue. In these situations, the Ministry will review the board's budget to ensure that it is consistent with the fiscal parameters and that funds that have been internally protected, such as those for existing benefits liabilities, are not being used for any other purpose other than originally intended. Similarly, boards that project deficits of less than 1 percent of operating revenue should ensure that funds that have been internally restricted are protected.

As has been clearly demonstrated in the current Budget, the government is committed to protecting our gains in student achievement by continuing to support its program of reduced class size. To ensure that average class sizes for grades 4 to 12 are maintained at the Ministry targets, we are preparing a new class size regulation, which if made by the Lieutenant Governor in Council, would define the average class size requirements by panel. As with other regulatory requirements, cash flow and other penalties are available to the Ministry in the event that boards are found in breach of these regulations.

If you require further information on your board's role in implementing Ontario's balanced budget plan, please contact:

Local Bargaining	Margot Trevelyan	(416) 325-2836 margot.trevelyan@ontario.ca
Financial accountability and reporting requirements	Andrew Davis	(416) 327-9356 andrew.davis@ontario.ca
Grants for Student Needs (GSN) funding	Grant Osborn	(416) 327-9060 grant.osborn@ontario.ca

The government has made it clear that it expects every ministry, every board and every agency of the public sector to help balance Ontario's budget. We will continue to work with you to meet these expectations.



Gabriel F. Sékaly
Assistant Deputy Minister

Copy: Superintendents of Business and Finance