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2012: B14

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

FROM: Gabriel F. Sékaly
Assistant Deputy Minister

DATE: September 13, 2012

SUBJECT: **Implementation of the *Putting Students First Act* and amendments to education funding regulations**

The *Putting Students First Act, 2012, (PSFA)* received Royal Assent on September 11, 2012, and was proclaimed in force on September 12, 2012. This is the most recent step in the government's plan to protect the gains made in education and secure the financial sustainability of Ontario's publicly funded education system.

The *PSFA* uses, as a template for collective agreements, the memoranda of understanding (MOUs) between the Government and the Ontario English Catholic Teachers' Association (OECTA) and other partners. Two B-memoranda, **2012: B11 – Implementing the 2012-13 Grants for Student Needs** (May 10) and **2012: B13 – Funding Framework for Local Bargaining** (July 24), advised school boards that there would need to be revisions to the 2012-13 education funding regulations to support the *PSFA*.

I am writing, first, to inform you that the Lieutenant Governor in Council has now made the required amendments to the Grants for Student Needs (GSN) regulations for 2012-13 to support the *PSFA*. In addition, the regulations reflect the updated School Operations and Renewal allocations in 2012-13, as detailed in **2012: B11**. As boards' working budgets will need to be adjusted to align with the revised regulations, I am also writing to provide direction to school boards about their 2012-13 Revised Estimates.

Amendments have also been made to the regulations for 2009-10 to 2012-13 to update capital and transportation funding approvals for school boards and to make minor corrections.

A. SCHOOL BOARD BUDGETS AND REVISED ESTIMATES 2012-13

The due date for submission of boards' Revised Estimates continues to be December 14, 2012. Given the scope of the changes from Estimates, Revised Estimates must be approved by a motion of the board before submission to the Ministry. It is therefore essential that boards start working on Revised Estimates now, if they have not already

done so. As always, if a board anticipates it might be in a deficit situation that would require a deficit management plan, the board should communicate this immediately to its Ministry Financial Officer.

Some boards will need to recover overpayments of salary as a result of movement through the grid that were made before the passing of the *PSFA*. Boards might choose one of the two following options for administering this recovery:

1. To recover any overpayment from the first pay period following the 97th school day of the 194-day school year; or
2. To recover any overpayment in equal deductions from the pay periods preceding the 97th school day.

With respect to sick-leave plans, the Ministry will provide information about the implementation of the changes in a separate communication in the next two weeks.

In response to questions from school boards, the Ministry can confirm that Supply Teacher benchmarks in the GSN have not changed. In addition, it should be noted that boards should see their sick-leave costs reduced, as absences beyond the ten sick-leave days paid at 100 percent of salary will be paid at 66.67 percent up to an additional 120 days or at 90 percent in instances where the Short-Term Leave and Disability Provisions (STLDP) of the *PSFA* apply).

The Ministry will, during its regular annual process of reviewing the GSN, assess the experience with the implementation of the changes to sick-leave plans and the use of third-party STLDP adjudications. As always, further adjustments will be made should these prove necessary.

B. CHANGES TO THE 2012-13 GSN

The following amendments have now been made to O. Reg. 136/12, "Grants for Student Needs – Legislative Grants for the 2012-13 School Board Fiscal Year":

1. The freeze on the salary grid in the Teacher Qualifications and Experience Allocation has been replaced with provisions to recognize grid movement on the 97th school day of 2012-13. This means that boards will now be able to budget for this partial grid movement in their 2012-13 Revised Estimates.

Principals and vice-principals

In response to questions from the sector, the Ministry is confirming that locally negotiated terms and conditions for principals and vice-principals must conform to the parameters set out in the *PSFA*. Specifically, principals and vice-principals will be eligible for grid movement on the 97th day of each school year during the term of the agreement. The Ministry will continue to provide boards with funding for principals' and vice-principals' salaries as it has in the past.

Under the *PSFA*, principals and vice-principals will be required to take unpaid days in 2013-14. They would not be expected to work on the three unpaid days that are scheduled on professional activity days. They will be eligible to move on their local salary grids.

Non-teaching staff

Like principals and vice-principals, non-teaching staff will be eligible for grid movement on the 97th day of each school year during the term of the agreement.

With respect to unpaid days, local collective agreements are expected to reflect the policy and fiscal goals of the *PSFA*. As such, agreements for non-teaching support staff should be substantively identical to the agreement reached on August 31, 2012, with educational assistants. For support staff in job classifications such as custodians, school office, educational assistants, and early childhood educators, one unpaid day will be required to offset movement through the grid. As these staff are lower paid, fewer days are required to find adequate savings. Collective agreements of members of the Association of Professional Student Services Personnel are required to reflect the MOU signed with that group.

2. The per-pupil funding benchmark for professional learning under the elementary Pupil Foundation Grant has been rolled back for 2012-13 and 2013-14 – a reduction of \$23.07.
3. The 2012-13 investment in Secondary Programming, which was scheduled as part of the 2008-12 Provincial Discussion Table (PDT) agreements, has been rolled back. This change affects both the Pupil Foundation Grant and the Teacher Qualifications and Experience Allocation (Q&E) benchmarks, which have been reduced by \$26.80.

As a result, the 1.35 staff per thousand ADE for Secondary Programming in the Secondary Pupil Foundation Grant has been amended to 1.02 staff per thousand. To ensure that supported secondary and combined schools with 50 or more students will continue to generate funding for a minimum of 14 teachers through the Supported Schools Allocation, the Supported Schools Allocation benchmark has been increased to offset the reduction in the Secondary Pupil Foundation Grant.

C. CHANGES TO THE 2013-14 GSN

As the *PSFA* applies to both the 2012-13 and 2013-14 school years, changes to the 2012-13 GSN would, subject to the approval of the Lieutenant Governor in Council, be continued in 2013-14 as appropriate.

The unpaid days will take effect in 2013-14. The Ministry intends to seek, as part of next year's release of the 2013-14 GSN, the approval of the Lieutenant Governor in Council for regulations to implement grant adjustments to reflect this change for teachers, principals, and vice-principals only.

D. OTHER AMENDMENTS

The Lieutenant Governor in Council has made amendments to O. Reg. 488/10, "Determination of Board's Surpluses and Deficits". These amendments require boards to phase into compliance, as employees retire, the retirement gratuity and retirement health, life and dental liabilities remaining after the provisions in the *PSFA* have been implemented.

There has also been an amendment to O. Reg. 193/10, “Restricted Purpose Revenues”, which restricts the use of any surplus from a board’s health care benefit plan for the purposes of providing insurance or services under subsection 177 (1) of the Education Act. The Ministry will be providing further information about this change in a separate memorandum in the near future.

There is also a change related to retirement health, life and dental benefits. In the memorandum of March 29, **2012: B5 – Education funding for 2012-13**, the Ministry informed boards that they would manage the Public Sector Accounting Board (PSAB) expense for budget compliance purposes after a four-year phase-in period. However, with the provisions in the *PSFA* that curtail existing plans, boards will now manage the PSAB expense for budget compliance purposes, and the remaining liability will be treated in a way that is consistent with the treatment of retirement gratuities, except in this case the amortization period will be over a maximum of 10 years.

The four-year phase in of other Employee Future Benefits as described in **2012: B5** will still be applicable to other benefits such as long-term disability benefits and Workers Safety Insurance Board benefits.

The implementation of certain GSN funding commitments has required amendments to the 2009-10, 2010-11, 2011-12, and 2012-13 GSN and related regulations. These include amendments:

- To allow school boards to access their Year 5 Full-Day Kindergarten capital allocations in 2012-13;
- To update the Green Schools Pilot Initiative funding table in the 2009-10 GSN to reflect board financial commitments and expenditure as reported by boards; and
- To reflect Capital Priorities Funding approvals.

E. REPORTING AND ACCOUNTABILITY

Dates for submission of financial reports

The dates for submission of financial reports remain unchanged from those communicated to boards in March 2012:

November 15, 2012	Board Financial Statements for 2011-12
December 14, 2012	Board Revised Estimates for 2012-13
May 15, 2013	Board Financial Report for September 1, 2012, to March 31, 2013

F. INFORMATION RESOURCES

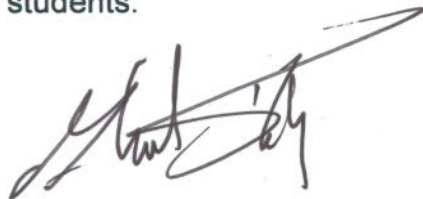
The Ministry will offer technical briefings on the implementation of the *PSFA*. Details of these briefings will be provided to the sector within the next three weeks.

The *Technical Paper, 2012-13* and *School Board Funding Projections for the 2012-13 School Year* will be revised to reflect the changes described in this memorandum. The revised documents will be available on the Ministry website www.edu.gov.on.ca in the near future.

If you require further information about the GSN regulations and school board funding in 2012-13, please contact:

Financial accountability and reporting requirements	Andrew Davis	(416) 327-9356 andrew.davis@ontario.ca
Operating funding	Joshua Paul	(416) 327-9060 joshua.paul@ontario.ca
Capital Priorities	Nancy Whynot	(416) 325-4030 nancy.whynot@ontario.ca
Full-Day Kindergarten and School Operations and Renewal Allocations	Grant Osborn	(416) 325-1705 grant.osborn@ontario.ca

The Ministry remains committed to working with and supporting school boards and all its partners in education to successfully implement these measures. I am confident that our shared commitment to improving student achievement will continue to benefit all our students.



Gabriel F. Sékaly
Assistant Deputy Minister

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