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2013: B5

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

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

DATE: **March 27, 2013**

SUBJECT: **Grants for Student Needs Funding and Regulations**

I am writing to you today to provide you with information about the 2013–14 Grants for Student Needs (GSN). Again this year, the Ministry is supporting stability in school board budget planning by releasing funding information on the 2013–14 GSN, in conjunction with the release of the 2013–14 board-by-board allocations for Education Programs – Other (EPO) and Full-day Kindergarten (FDK). Funding details for EPO and FDK are being provided today in separate memoranda.

I am pleased to advise that the GSN regulations for 2013–14 have been made by the Lieutenant Governor in Council. It is hoped that having the regulations in place will be a further source of stability for school boards as they develop their budgets for the coming school year.

Total GSN funding for 2013–14 is projected to remain stable at about \$21 billion, reflecting Ontario's ongoing commitment to maintaining a world-class publicly funded education system.

This memorandum sets out the key policy and funding changes that are supported by these regulations, such as changes related to the labour framework and the new 34-credit threshold. It also sets out the measures that are being taken by the Ministry to help boards keep up with costs and move forward with capital projects.

This memo also signals the Ministry's intention to work with the education sector on ways to improve current accountability and reporting requirements. In particular, the

Ministry will ask for ideas on how to ensure accountability for the use of some targeted special purpose grants within the GSN.

LABOUR FRAMEWORK

The Ministry would like to thank you for your patience, understanding, and input over the past months. The 2013–14 projections and regulations are consistent with the terms of the current labour framework. As you know, there are continuing discussions, which have been positive and respectful.

2012–13 in-year enhancements

Under the current labour framework, the Ministry has agreed to provide boards with additional funding in 2012–13 to address specific pressures identified in the labour framework discussions. Funding for the following will be allocated to boards based on their reported expenditures over the course of the year:

- A one-time payout, based on a formula set out in regulation, for non-vested sick days that do not qualify as retirement gratuities;
- Introduction of an upper limit – 10 years – for the number of years that must be worked to qualify for the payout of retirement gratuities; and
- Funding for a one-year rolling sick bank that can be used to top up salary from 90 to 100 percent.

Consistent with the current labour framework, in-year funding is being allocated to support changes to the sick leave plan.

Unpaid days

In 2013–14, the teacher, principal, and vice-principal salary benchmarks have been reduced by 1.5 percent to recognize the three unpaid PA days. This is consistent with the current labour framework. It should be noted that funding related to other staff who bargain collectively will not be adjusted to reflect the one unpaid day that they are required to take under the current labour framework. This is also the case for staff with grid movement who make less than \$100,000 a year and who do not bargain collectively.

Retirement gratuities

In 2013–14, the Ministry will continue to implement a reduction in the benefits funding benchmarks as part of the phase out of retirement gratuities. As in 2012–13, this will be implemented through a reduction to all benefits benchmarks in the GSN. The benefits benchmarks in the Foundation Grants will be reduced by 0.167 percent, with equivalent adjustments made to the benefits portions of the various special purpose grants. This is the second year of the twelve year phase out. It should be noted that, for 2013–14, the benefits benchmark percent will be set slightly higher so that benefits funding, which is a percentage of salary, is not affected by the impact on salaries from the unpaid days.

97th day provisions

The Teacher Qualifications and Experience Allocation in the GSN will continue to recognize grid movement based on the 97th day provisions. As with the current year, boards will be asked to provide projections of their grids, both with and without movement, as of October 31, 2013. Funding will be based on the weighted average of the grants that the two grids generate.

Funding to support changes to the sick leave plan

Consistent with the current labour framework, supply teacher benchmarks for 2013-14 have been increased to support changes to the sick leave plan. The Ministry provided information about this increase in sick days in the memorandum of January 21, **2013: B3 – Implications of the MOU with CUPE and Further Technical Clarifications.**

34-CREDIT THRESHOLD

A four-year secondary school strategy, including administrative and funding changes related to the 34-credit threshold, is being implemented starting in the 2013–14 school year.

The strategy includes three key components:

1. Policy and program changes to encourage graduation within four years:

Launching a new policy for Kindergarten through Grade 12 to support students' education and career/life planning through elementary and secondary school.

2. Improving access to part-time studies:

Regulatory changes that now require principals to inform students who need only one or two credits to graduate secondary school or have already graduated of alternative ways to earn a credit that would not require full-time day-school attendance.

3. Differentiated funding in a day-school program for credits over a 34-credit threshold:

The portion of a pupil's enrolment over the 34-credit threshold will be included in a new high-credit day-school ADE category, which will be funded at the Continuing Education rate.

Pupils enrolled over the 34-credit threshold who are eligible for ESL/ELD Recent Immigrant, FSL, PANA, or Native Languages/Native Studies will continue to be funded as long as they generate regular day-school ADE. However, fully high-credit pupils (those who generate no regular day-school ADE) are excluded from these allocations as they are funded at the Continuing Education rate.

It is important that boards be prepared to implement these changes to ensure that the entitlement to provincial funding is accurately calculated.

The four-year secondary school strategy has been communicated to boards through: (1) the Minister's letter of December 10, 2012; (2) the Deputy Minister's memorandum of December 10, 2012, *Secondary school completion in four years – Changes to funding after 34-credit threshold*; and (3) the memorandum of January 30, **2013: SB01 – 34-Credit Threshold – Implementation Details**.

If you require further information about the 34-credit threshold, please contact your Ministry Finance Officer.

KEEPING UP WITH COSTS

Student Transportation

The Student Transportation Grant will be increased by 2 percent in 2013–14 to recognize higher operating costs. As in previous years, this cost update will be netted against a school board's transportation surplus. In addition, funding adjustments due to fuel price changes will continue to be triggered by the fuel escalation and de-escalation mechanism throughout the 2013–14 school year.

OMERS Contributions

In July 2010, the Ontario Municipal Employees Retirement System (OMERS), which is the pension plan for most non-teaching staff, announced that contribution rates would be going up by 2.9 percent over three years beginning in 2011. To assist school boards with the employers' share of OMERS contributions in the final year of the increase, the Ministry will allocate an additional \$9M in funding through enhancements to both the Foundation Grants and the special purpose grants.

Utilities

The Ministry will provide a 2 percent cost benchmark update to the non-staff portion of the School Operations Allocation benchmark in 2013–14, to assist boards in managing the increases in commodity prices (natural gas, electricity, facility insurance, and other costs). There will also be additional funding to further assist boards with electricity costs. In total, the electricity component of the School Operations Allocation benchmark will increase by 7.9 percent. These enhancements total \$27.9M.

Phase in of the 2006 Census Data

In 2010–11, the Ministry updated the Demographic Allocation of the Learning Opportunities Grant and the English as a Second Language/English Literacy Development Allocation using the most recent available data from the 2006 Census.

As these changes resulted in some redistribution of funding among school boards, both increases and decreases in school boards' individual allocations from these two allocations are being phased in over four years. 2013–14 will be the fourth and final year of the phase in.

Programme d'appui aux nouveaux arrivants

In 2010–11, the Ministry introduced new eligibility criteria for the Programme d'appui aux nouveaux arrivants (PANA) Allocation, which is available to French-language boards only. 2013–14 is the fourth and final year of the phase in of changes to these eligibility criteria.

CAPITAL FUNDING

School Condition Improvement and Temporary Accommodations

As part of a multi-year capital approval starting in 2011–12, the Ministry has allocated approximately \$1.9B for boards' capital priorities, School Condition Improvement, and temporary accommodations. In January 2013, the Ministry announced over \$620M in

Capital Priorities funding approvals for major capital construction projects required over the next three years.

As announced two years ago, school boards will also receive:

- \$150M for School Condition Improvement to address school renewal needs. These funds must be used for expenditures that meet the requirement to be capitalized.
- \$40M for temporary accommodations to be used for portable moves, leases, and purchases, as well as lease costs for permanent instruction space.

Full-day Kindergarten (FDK) – Capital

First-time Equipping and Minor Renovations Funding will be provided to school boards in 2013–14 to support Year 5 of the FDK implementation. Unlike previous years, however, the allocation for this funding will be based on a board's actual kindergarten enrolment rather than an FDK enrolment target. This reflects that there are no fixed enrolment targets for the last year of FDK implementation. For Year 5, the enrolment portion of the allocation calculation is based on taking the difference between the total number of students of a board enrolled in kindergarten as of October 31, 2013, based on headcount, from the total number of FDK students that have been used to calculate a board's First-time Equipping and Minor Renovations for Year 1 to Year 4.

It is estimated that Year 5 First-time Equipping and Minor Renovations Funding will total \$31M. This is in addition to the \$70.8M that has been provided through this allocation to date.

SCHOOL AUTHORITIES

As in previous years, funding for school authorities will be adjusted in 2013–14, as appropriate, to reflect changes in funding to district school boards. The Ministry will

provide further information concerning funding in 2013–14 for school authorities in the near future.

ACCOUNTABILITY

The government intends to consult with school boards, before the start of the 2013–14 school year, on ways to improve accountability for the use of GSN funding.

In particular, options to ensure accountability for the use of key special purpose funding targeted to advance student achievement will be the focus of discussions. School boards are urged to take the intent of this funding into consideration when developing their budgets for the 2013–14 school year.

REPORTING

Dates for submission of financial reports

The Ministry has established the following dates for submission of financial reports:

Date	Task
June 28, 2013	Board Estimates for 2013–14
November 15, 2013	Board Financial Statements for 2012–13
November 29, 2013	Board Enrolment Projections for 2014–15 to 2017-18
December 13, 2013	Board Revised Estimates for 2013–14
May 15, 2014	Board Financial Report for September 1, 2013, to March 31, 2014

The Ministry expects that Estimates forms will be available on EFIS in mid-April.

INFORMATION RESOURCES

The GSN regulations for 2013–14, which implement the changes described in this memorandum, have been made by the Lieutenant Governor in Council. The new funding regulations are:

1. Grants for Student Needs – Legislative Grants for the 2013–14 School Board Fiscal Year;
2. Calculation of Fees for Pupils for the 2013–14 School Board Fiscal Year; and
3. Calculation of Average Daily Enrolment for the 2013–14 School Board Fiscal Year.

As with every year, a variety of technical amendments has been made to the GSN and other related regulations from prior years.

All of the above regulations may be accessed through the Ministry's public website, www.edu.gov.on.ca/eng/policyfunding/funding.html. The documents *Technical Paper, 2013-14* and *School Board Funding Projections for the 2013–14 School Year* will be available on the Ministry website www.edu.gov.on.ca in the near future.

If you require further information about school board funding in 2013–14, please contact:

Issue	Name	Contact
Capital	Nancy Whynot	(416) 325-4030 nancy.whynot@ontario.ca
Capital (FDK)	Grant Osborn	(416) 325-1705 grant.osborn@ontario.ca
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
Student Transportation Grant	Cheri Hayward	(416) 327-7503 cheri.hayward@ontario.ca
Four-year secondary school strategy	Sandra Bickford	(416) 325-2564 sandra.bickford@ontario.ca

With the release of the 2013-14 GSN, school boards continue to have the resources to manage their budgets in a way that supports our common goal of improved student achievement while also addressing the need for fiscal constraint. In the coming year, the Ministry will work in partnership with you and others in the education sector to meet these challenges. I am confident that we will experience continued success.

Originally Signed By:

Gabriel F. Sekaly
Assistant Deputy Minister

cc: Superintendents of Business and Finance