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2016: B16

**MEMORANDUM TO:** Directors of Education

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

**DATE:** October 7, 2016

**SUBJECT:** **GSN Update in Support of Transition to Employee Life and Health Trusts (ELHT)**

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This memorandum is issued to provide school boards with further information on the transfer of employee benefits to the Employee Life and Health Trusts (ELHTs).

As one of the largest transformations undertaken by the education sector, over 1,000 different employee benefit plans throughout Ontario's 72 school boards will be consolidated into six ELHTs. To date, this has been an extensive and complex endeavor that could not be achieved without the joint effort, hard work and cooperation of the school boards, trustee associations, teacher federations, education worker unions and other employee groups, Ontario Teachers Insurance Plan, and the ministry.

As communicated previously, employees will be transitioning to the ELHTs on a staggered basis over the 2016-17 school year with all employees being transferred by August 31, 2017. It is anticipated that there will be 5 waves, with the first wave to commence on November 1, 2016.

### **School Board Monthly Contributions to the ELHTs**

For each ELHT, each school board must remit the same amount per FTE per month starting November 1, 2016 for those employees transitioning in Wave 1.

In the coming days, each school board will receive a detailed letter from the ministry outlining:

- number of full-time equivalency (FTE) for each Trust;

- the annual and monthly amounts per FTE for each Trust; and,
- the monthly contributions for each Trust

## **2016-17 GSN Funding Changes**

Consistent with previous communications ([2016:SB18 – Update on Transition to Employee Life and Health Trusts \(ELHT\)](#)), the government and school boards will both play a role in supporting the incremental investments related to this transformation.

On behalf of the government, and as part of its role in supporting this transformation, the Ministry of Education intends to propose amendments to the 2016-17 GSN regulations. The proposed amendments would:

1. Flow the incremental funding necessary to support the government share of the negotiated funding increases per FTE; and,
2. Make the necessary adjustments to stabilize school board budgets as we transition to the new ELHTs.

In terms of incremental funding, for each Trust, the proposed incremental GSN funding would be based on the difference between:

- The 2014-15 average cost per FTE, plus a 4% increase for 2015-16 and a further 4% increase for 2016-17; and
- The average amount per FTE that boards are responsible for remitting to the Trust.

In terms of stabilization adjustments, the ministry will provide details in the letters to each school board that will follow in the coming days. These adjustments are designed to 'true-up' boards to their existing cost structure per FTE.

The proposed GSN amendments would be presented in a simple table with two columns that would contain the amounts of (1) and (2) above, in aggregate, by school board. As the timing of transition varies from group to group, the amounts will be prorated to align with the timing of the wave implementation of each bargaining/employee group.

## **Interim Arrangements for Trust Contributions and GSN Funding**

As the due diligence process is not yet complete on the final benefits costing template, the amounts of the monthly payments from boards to the Trusts and the proposed GSN table amounts will be preliminary, based on benefits data available as of September 15, 2016. Once the due diligence process is complete, any necessary reconciliation adjustments to future payments to the Trusts and/or GSN funding to boards will be made.

## Accountability

The proposed GSN amendments would make the legislative grant conditional on the school boards complying with the terms of the Trust Agreements, including paying the necessary monthly contributions to the ELHTs beginning on the participation dates that employees enter into the ELHTs.

If school boards were to fail to comply with the terms of the Trust Agreements, these conditions would, if imposed, authorize the Minister of Education to withhold, or require boards to repay, all or part of the grant until such time that the school board meets the terms of the Trust Agreements.

It should be noted that regulations to (i) effect the government's contribution to the ELHTs and (ii) make the necessary stabilization adjustments have not yet been made. The information in this letter is provided in the absence of such regulations.

The actions described herein must be implemented by the making of such regulations by the Lieutenant Governor in Council.

The Minister will recommend such regulations.

For any questions, please contact Doreen Lamarche at [Doreen.Lamarche@ontario.ca](mailto:Doreen.Lamarche@ontario.ca) or (416) 326-0999.

*Original signed by*

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