

Ministry of Education

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2016: B06

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

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

DATE: **March 24, 2016**

SUBJECT: **Grants for Student Needs changes for 2015–16 and 2016–17**

I am writing to provide you with information about updates to the 2015–16 Grants for Student Needs (GSN) and GSN funding for 2016–17. This information is being provided in conjunction with the release of the 2016–17 school year allocations for the Education Programs – Other (EPO) transfer payments.

NOTICE:

Certain of the plans and proposals set out in this memo can take effect only if regulations are made by the Lieutenant Governor in Council under section 234 of the Education Act. Such regulations have not yet been made. Therefore the content of this memo should be considered to be subject to such regulations, when and if made.

Investments in Ontario's publicly-funded education system continue to increase, with total funding expected to increase from \$22.6B in 2015–16 to \$22.9B in 2016–17. Per-pupil funding is projected to increase in 2016–17 to \$11,709 – an increase of 1.4 percent from 2015–16 and 63 percent since 2002–03.

The main changes being introduced include alignment with the central labour agreements and an important investment in First Nation, Métis, and Inuit Education leads in every school board.

The province is also moving forward in 2016–17 on implementing the recommendations provided in [Community Hubs in Ontario: A Strategic Framework & Action Plan](#) to remove barriers and provide supports to bring services together to better serve Ontarians. This includes improved opportunities for public entities to participate in the process that school boards undertake when selling or leasing surplus schools through amendments to [Ontario Regulation 444/98, Disposition of Surplus Real Property](#).

As in past years, the Ministry has engaged a broad range of education partners in extensive discussions about funding to identify ways to improve the funding mechanisms that support the delivery of education in Ontario. The Ministry will be attending Regional Education Councils in spring 2016 to provide further information about the 2016–17 GSN. In addition to hearing questions and feedback from school boards, these sessions will also be a further opportunity to review current and future challenges. The Ministry looks forward to continuing to work with you to sustain Ontario's achievements in education while contributing to the important goal of a balanced provincial Budget in 2017-18.

A. Labour Framework implementation

In-year changes for 2015–16

Subject to approval of the Lieutenant Governor in Council, the following in-year changes to the 2015–16 funding regulations would support the central labour agreements:

- Funding for the one percent lump sum payment will be provided through a table amount in the GSN. This amount will be calculated using the information provided by boards in the 2015–16 Revised Estimates.
- The Teacher Qualifications and Experience Allocation and the Early Childhood Educator Qualifications and Experience Allocation will recognize the restoration of grid movement retroactive to September 1, 2015. These allocations will be calculated on the basis of placement on the salary grids with movement as of October 31, 2015.
- The Ministry has projected the savings from the Earned Leave plans, which apply to teachers represented by the Ontario English Catholic Teachers' Association (OECTA) or l'Association des enseignantes et des enseignants franco-ontariens (AEFO). This projection is based on the assumption that absenteeism will be reduced by one day for each teacher, with half the savings accruing to boards. The projected residual savings of one-half day will be deducted from each board's GSN allocations; the deductions will be shown as a table amount in the GSN regulation. If, at the end of the 2015–16 school year, a school board's savings are less than the table amount, the Ministry will reimburse that board for the difference. Further details on how the reimbursements will be operationalized will be forthcoming.

- The Ministry will reduce funding in 2015–16 to recover unspent funding for the Communautés d'apprentissage professionnel initiative. These one-time reductions, which apply only to school boards impacted by the AEFO agreement, will be made through a table amount in the GSN.

It should be noted that, as discussions on provincial terms and conditions with principals and vice-principals are ongoing, no changes related to those compensation benchmarks are being brought forward at this time.

Changes for 2016–17

Subject to approval of the Lieutenant Governor in Council, the 2016–17 funding regulations would include the following to support the central labour agreements:

- Salary increases in 2016–17 will be funded by an increase in the salary benchmarks for teaching and non-teaching staff of 1.25 percent for the entire 2016-17 school year.
- Implementation of Earned Leave savings in 2016–17 will match implementation in 2015–16, but the Ministry will also work with all boards to develop strategies to promote employee well-being, manage absenteeism and reduce the associated costs.

Employee Health, Life & Dental Benefits transformation

The transformation of more than 1,000 different benefit plans for teachers and education workers throughout Ontario's 72 school boards into several provincial trusts is a major consolidation and rationalization that will improve the cost-efficiency and delivery of benefits.

These investments include one-time contributions to cover start-up costs and to establish a Claims Fluctuation Reserve for each trust. These contributions are being funded by the province and provided through Education Programs – Other (EPO) grants starting in the current school year and continuing in 2016–17.

Any changes to how benefits are funded through the GSN in 2016–17 will be made once the 2014–15 benefit costs are determined through the data collection and validation process that is currently underway. The Ministry anticipates this process to be completed by the end of June 2016.

It is expected that any GSN funding changes to support the transformation of benefits will vary according to the terms of different central labour agreements. Any additional funding to support enhancements to benefits will only be provided once the existing benefit plans are migrated into the trusts.

Retirement gratuities

One-time funding will be provided through the 2015–16 GSN for the early payout of retirement gratuities. This funding will be based on the amount by which a board's one-time early payout exceeds the amount that the board has funded for its retirement gratuity liability as at August 31, 2016 (prior to the payout). Further details on the provision of funding will be provided after the August 31, 2016, cut-off date – that is, after the information required to calculate the funding is available.

The one-time funding and one-time accounting gain reported by boards as a result of the early payout will reduce the amount of the unfunded retirement gratuity liability that school boards phase into compliance each year. The reduction in the amount to be phased in will be offset by reductions in GSN funding starting in 2016–17. The funding would be affected only to the extent that the Ministry provides funding for the one-time payout and to the extent that the school board reports a one-time gain on the early payout of retirement gratuities in 2015–16. These reductions will be calculated once the relevant information is received after August 31, 2016.

B. Equity in education

This year, the Ministry has engaged with a broad range of stakeholders in discussions focused on funding allocations that support equitable outcomes for all students. This included, for the first time, engagement with First Nation, Métis, and Inuit education partners.

First Nation, Métis, and Inuit Education leads in every board

The Ministry will invest an estimated \$1.2M in the Per-Pupil Amount (PPA) Allocation of the First Nation, Métis, and Inuit Education Supplement in 2016–17 to ensure that all boards receive a base amount of funding. This will give all boards resources to establish a position at a supervisory officer level that is dedicated to supporting implementation of the [Ontario First Nation, Métis, and Inuit Education Policy Framework](#).

The position's responsibilities would include (but not be limited to) working with First Nation, Métis, and Inuit communities, organizations, students and families; acting as a resource for information about a board's use of First Nation, Métis, and Inuit Education funding; supporting programs to build the knowledge and awareness of all students about Aboriginal histories, cultures, perspectives and contributions; and supporting implementation of Aboriginal self-identification policies in each board.

In 2016–17, this minimum level of funding is equivalent to the Supervisory Officer salary and benefits benchmark under the new School Board Administration and Governance Grant model: \$165,520 in 2016–17. Boards will be required to spend at least half of this amount on the dedicated position, and will be required to confirm that any remaining portion of the amount has been used to support the Framework through the Board Action Plan (BAP) on First Nation, Métis and Inuit Education.

Incorporating Voluntary, Confidential Aboriginal Student Self-identification into the GSN

In 2016–17, funding of \$6M to support BAPs on First Nation, Métis and Inuit Education will be transferred to the GSN from Education Programs – Other (EPO).

This funding will be allocated through an approach similar to the allocation of the EPO funding. However, the 2016–17 formula will give greater weight to components that use voluntary, confidential Aboriginal student self-identification data:

2015–16 Allocation Method through EPO	2016–17 Allocation Method through GSN
<ul style="list-style-type: none">• 40% of allocation based on self-identification data	<ul style="list-style-type: none">• 45% of allocation based on self-identification data
<ul style="list-style-type: none">• 60% of allocation based on board's total student headcount	<ul style="list-style-type: none">• 55% of allocation based on board's total student headcount

The Ministry will continue to work with Aboriginal partners and education stakeholders to support greater collection and increased use of self-identification data for both PPA and BAP funding.

Native Languages Allocation and Kindergarten pupils

As a point of clarification, it should be noted that Junior Kindergarten and Kindergarten pupils are eligible to generate funding from the Native Languages Allocation for elementary pupils, provided that the programs in which the pupils are enrolled meet the requirements for average daily length of program.

Phasing in National Household Survey (NHS) and Census updates

In its discussions with education partners about funding supports for equity in education, the Ministry highlighted the importance of census data in some allocations as a quantitative indicator of levels of need for a particular set of programs and services. In addition to these discussions, the Ministry has analyzed the 2011 NHS and Census data and determined that the data quality is sufficient to warrant updates to the PPA Allocation in the First Nation, Métis, and Inuit Education Supplement and two components of the Language Grant. Using the most recent available data from the 2011 NHS and Census will help ensure that these components better reflect and support the on-the-ground needs of boards.

In 2016–17, the Ministry will begin a three-year phase-in of these updates. The length of the phase-in is designed to complete the update in advance of the time when it is

anticipated data from the 2016 Census will become available for implementation of further updates.

- The PPA in the First Nation, Métis, and Inuit Education Supplement uses NHS data to estimate First Nation, Métis, or Inuit students of a board. The update to this allocation includes an investment of approximately \$1.5M in 2016–17.
- The Pupils in Canada (PIC) component of the English as a Second Language/English Literacy Development (ESL/ELD) Allocation in the Language Grant uses Census data as a proxy measure of ESL/ELD need for pupils who are not recent immigrants, but whose language spoken most often at home is neither English nor French.
- The Per-Pupil component of the Actualisation linguistique en français (ALF) Allocation uses a factor based on Census data as a proxy measure of a board's cultural environment. The factor is the greater of 75 percent or one minus the percentage of school-age youth with at least one parent having French as their "First Official Language Spoken."

C. Capital

Amendments to Ontario Regulation 444/98

In 2015, the Ministry reviewed several potential reforms to [O. Reg. 444/98](#) with the aim of promoting the regulation's effectiveness in keeping surplus school board properties in the public sphere, with priority given to school boards. The review involved stakeholders in the education, child care, and municipal sectors, First Nation, Métis, and Inuit organizations, and parent groups and other ministries.

The Ministry intends to make amendments to the regulation to:

- Double the current surplus property circulation period from 90 days to 180 days, providing listed public entities with 90 days to express interest in the property and an additional 90 days to submit an offer;
- Expand the list of public entities to receive notification of surplus property disposition to include: Coterminous School Boards; Entities delivering education services to section 23 students in the disposing board's jurisdiction; District Social Services Administration Boards or Consolidated Municipal Service Managers; Colleges; Universities; Children's Mental Health Agencies; Local Health Integration Networks; Public Health Boards; the province (Crown in Right of Ontario); Lower-Tier Municipalities; Upper-Tier Municipalities; Local Service Boards; First Nation and Métis Organizations; and the federal government (Crown in Right of Canada);
- Have all board-to-board sales be at fair market value;

- Introduce a maximum rate a school board can charge for leasing a school to another board; and
- Clarify that private education providers are not eligible to lease surplus property unless the property has first been circulated to listed public entities.

Specific details concerning these amendments and the implications on how school boards will circulate surplus properties will be provided in a separate memorandum to be issued in the near future, closer to the effective date of these amendments.

Capital Priorities

The Capital Priorities program serves as the primary means for funding school capital projects required to address accommodation pressures, replace facilities in poor repair, support the consolidation of underutilized facilities, and provide facilities for French-language rights holders in under-served areas of the province. Since the Capital Priorities program began in 2011, the Ministry has allocated over \$2.4B in capital funding to support 166 new school facilities and 156 additions/retrofits at existing schools. The Ministry expects to begin the next round of Capital Priorities in May 2016.

School Consolidation Capital

The Ministry introduced the School Consolidation Capital (SCC) program, as one of the pillars of SBEM, in 2014–15 to further assist school boards in managing their excess capacity and right-sizing their capital footprint. In the first year of this program, the Ministry funded 31 capital projects at a cost of approximately \$150M. The Ministry is currently reviewing board submissions for the second round of SCC funding and expects to announce funding approvals in spring 2016.

School Condition Improvement

For 2016–17, \$500M will be allocated to school boards through the School Condition Improvement (SCI) program to address the significant backlog in school renewal needs. SCI funding will be allocated to school boards, for schools open and operating in the 2015–16 school year, in proportion to the renewal needs assessed for these facilities during the 2011–2015 cycle of the Ministry’s Condition Assessment Program.

As in 2015–16, school boards are required to direct 80 percent of their SCI funds to address major building components (for example, foundations, roofs, windows) and systems (for example, HVAC and plumbing). The remaining 20 percent of SCI funding can continue to address the above listed building components or, alternatively, building interiors and surrounding site components (for example, utilities, parking and pavements). Unspent 2015–16 funds will be carried forward to the 2016–17 school year.

School boards are reminded of the requirement to report all eligible expenditures in VFA.facility (formerly TCPS). Payments will be made twice a year based on reported expenditures.

D. Keeping Up with Costs

In the last five years, the province has provided significant funding to assist school boards with utility, energy and student transportation costs – over \$180M since 2012-13. In 2016–17, the government will continue this investment with an additional projected \$33.6M in funding.

Student Transportation

In 2016–17, the Student Transportation Grant will be increased by 2 percent to help boards manage increased costs. As in previous years, this 2 percent 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 school year.

Utilities

In 2016–17, the Ministry will again provide a 2 percent cost benchmark update to the non-staff portion of the School Operations Allocation benchmark to assist boards in managing the increases in commodity prices (natural gas, facility insurance, and other costs). There will be a total 3.5 percent increase for electricity costs under the non-staff portion of the School Operations Allocation benchmarks, based on the Ministry of Energy's most recent Long-Term Energy Plan.

E. Accountability

The Ministry continues to explore opportunities to enhance public confidence in Ontario's education system and ensure proper accountability for funding.

Full-day Kindergarten and Primary class size compliance

As announced in the memorandum [2015: B07 - Grants for Student Needs Funding for 2015-16](#), the Ministry will begin to take action to ensure compliance with the Full-day Kindergarten (FDK) and Primary (grades 1 to 3) provisions of the [Class Size regulation \(O. Reg. 132/12\)](#).

For any board that is not compliant:

- In year one of non-compliance, board Chairs and Directors will be notified by the Minister and Deputy Minister and required to submit a compliance management plan detailing how the board will become compliant with class size regulations.
- In year two of non-compliance and beyond, board chairs and directors of education will be notified by the Minister and Deputy Minister and subject to the following requirements:

- A one percent reduction after two years in the GSN envelope for board administration and governance, as defined in the GSN funding regulations. This is effectively a requirement to re-direct these funds to the classroom to assist with compliance with the class size regulation.
- A three percent reduction after three years, similar to the year two reduction.
- A five percent reduction after four years similar to the other reductions.
- The Ministry will also conduct an analysis of that board's use of other revenues for administrative purposes to determine if further restrictions are necessary.

In any year, a board that does not submit its FDK and Primary class size information to the Ministry by the October deadline will be subject to immediate cash withholdings equivalent to 50 percent of monthly transfers from the Ministry.

In any year, a board that demonstrates compliance with the class size regulations and reporting will have the above requirements or withholdings lifted, subject to the approval of the Minister.

Any requirements related to noncompliance for 2014–15 and 2015–16 will be applied to the 2016–17 GSN. Going forward, requirements will be imposed in-year.

The Ministry will be releasing 2015–16 FDK and Class Size information in the coming months and will notify non-compliant boards. Any requirements related to non-compliance for 2014–15 and 2015–16 will be applied to the 2016–17 GSN. Going forward, requirements will be imposed in-year (that is, in November or December after boards submit information by the October deadline).

School Board Administration and Governance compliance

In the memorandum [2015: B07 - Grants for Student Needs Funding for 2015-16](#), the Ministry informed boards of its intent to review board compliance with the enveloping provisions of the School Board Administration and Governance Grant. The Ministry recognizes that, as a result of collective bargaining, boards may face extraordinary costs in 2015–16. The review of compliance is therefore deferred to 2016–17.

Transferring existing Ministry programs into the GSN

To further balance reporting requirements while continuing to support Ministry core goals and priorities, several existing Ministry programs (in addition to the transfer of funding for Board Action Plans on First Nation, Métis, and Inuit Education, described above) will be transferred into the GSN in 2016–17.

- Funding for library staff, projected to be \$10M in 2016–17, supports the hiring of teacher-librarians and/or library technicians to support the learning of elementary

school students. This program will be enveloped individually within the Learning Opportunities Grant.

- Funding for the Managing Information for Student Achievement (MISA) Local Capacity initiative, projected to be \$3.2M in 2016–17, supports school boards to build capacity to better manage information to inform board decisions, school administration, and classroom practice. This program will be included in the School Board Administration and Governance Grant.
- Funding for Outdoor Education, \$17M in 2016–17, provides elementary and secondary students with learning experiences in the outdoors. This will be enveloped with the group in the Learning Opportunities Grant that includes six other allocations that directly support programs that improve student achievement; enveloping will apply to the sum of the seven allocations, not to each allocation separately.
- Funding for Technology Enabled Learning and Teaching Contacts, \$7.6M in 2016–17, provides boards with one Technology Enabled Learning and Teaching contact per school board to support the transformation of learning and teaching in the physical and virtual environment. This program will be included in the School Board Administration and Governance Grant.

F. Ongoing implementation

In 2016–17, the Ministry will continue to implement important GSN reforms that began in prior years:

- 2016–17 is the second year of a three-year phase-in of School Board Efficiencies and Modernization (SBEM) measures, introduced in 2015–16. One-third of the funding in the affected allocations will be generated by the 2014–15 allocation method and two-thirds of the funding will be generated by the new allocation method introduced in 2015–16. Both of these methods and details of the changes are described in the 2016–17 GSN Technical Paper.
- In 2014–15, after extensive consultations with stakeholder representatives, including the Special Education Funding Working Group, the Ministry began the four-year implementation of a new funding model for what will now be called the Differentiated Special Education Needs Amount (DSENA) Allocation (formerly High Needs Amount). The new name will better express the allocation's purpose, which is to better reflect the variation among boards with respect to students with special education needs and boards' abilities to meet those needs. The new DSENA model will be fully implemented in 2017–18 and is intended to provide greater fairness and equity.
- In 2014–15, the Ministry began phasing in a new allocation method for the School Board Administration and Governance Grant, as recommended by the

School Board Administration and Governance Advisory Group (BAAG). 2016–17 is the third year of the four-year phase-in. The new model will be fully implemented in 2017–18.

G. School Authorities

As in previous years, funding for school authorities will be adjusted in 2016–17, as appropriate, to reflect changes in funding to district school boards. The Ministry will provide further information concerning funding in 2016–17 for school authorities in the near future.

H. Reporting

Dates for Submission of Financial Reports

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

Date	Description
June 30, 2016	Board Estimates for 2016–17
November 15, 2016	Board Financial Statements for 2015–16
November 25, 2016	Board Enrolment Projections for 2017–18 to 2020–21
December 15, 2016	Board Revised Estimates for 2016–17
May 15, 2017	Board Financial Report for September 1, 2016, to March 31, 2017

The Ministry expects that Estimates forms will be available on EFIS by late April.

I. Information Resources

If you require further information, please contact:

Subject	Contact	Telephone and email
Operating funding	Andrew Bright	(416) 325-2037 andrew.bright@ontario.ca
Capital funding	Grant Osborn	(416) 325-1705 grant.osborn@ontario.ca
Financial accountability and reporting requirements	Joshua Paul	(416) 327-9060 joshua.paul@ontario.ca

The Ministry looks forward to working in partnership with school boards in the 2016–17 school year. The collaboration, input, and support from boards is a key element in achieving our shared vision goals for education in our province. Your commitments to achieving excellence for all our students and to providing effective leadership are valued. I am confident that, working together, we will build on past success and ensure that our schools continue to be a cornerstone of Ontario's future.

Original signed by

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

cc: School business officials