

Education Funding: The Need for Flexibility

*A Brief to the Minister of Education
Regarding Education Funding*

December 20, 2010



Ontario Catholic School
Trustees' Association



Ontario Catholic School
Trustees' Association

OUR MISSION

Inspired by the Gospel, we provide leadership, service and a provincial voice for Catholic School Boards in promoting and protecting Catholic education.

OUR VISION

In keeping with our Mission, the Ontario Catholic School Trustees' Association:

OPERATIONAL VALUES

- **Embodies** and promotes the values and traditions of our Catholic faith in all Association activities.
- **Respects** the principles of democratic and accountable governance.

POLITICAL ADVOCACY

- **Protects** the constitutional right of the Catholic community to govern, control and manage Catholic schools.
- **Promotes** education in our province that reflects the Catholic principles of social justice.
- **Advocates** for government recognition of the distinctive nature of Catholic education.
- **Advocates** for provincial policy, legislation and funding support that enable Catholic boards to provide quality Catholic education.
- **Influences** the strategic and political direction of the Ontario government and opposition parties regarding issues that impact Catholic education.

INFORMATION & SERVICES

- **Provides** faith formation and professional development resources and opportunities for its members.
- **Provides** to member boards information and services that recognize their diverse circumstances and needs.

COMMUNICATIONS & PUBLIC RELATIONS

- **Develops** effective structures that enhance communication and working relationships among OCSTA and its member boards.
- **Communicates** with member Boards and Catholic partners regarding relevant educational issues and OCSTA activities.
- **Promotes** public understanding of and support for Catholic education.
- **Celebrates** and **highlights** Catholic education's significant and continuing contribution to Ontario society.

PARTNERSHIPS

- **Stimulates** ongoing visioning of how Catholic education partners can collaborate to serve the interests of Catholic education.
- **Builds** significant partnerships within and beyond the Catholic community in support of Catholic education.

INTRODUCTION

The Ontario Catholic School Trustees' Association (OCSTA) was founded in 1930. It represents 29 English-language Catholic district school boards. Collectively, these school boards educate over 600,000 students from junior kindergarten to grade 12.

Inspired by the Gospel, the Mission of the Ontario Catholic School Trustees' Association is to provide leadership, service and a provincial voice for Catholic school boards in promoting and protecting Catholic education.

Annually, OCSTA submits a brief to the government with recommendations for improvements to the funding of education. Recommendations are made on the basis that the education funding in Ontario must be consistent with four essential principles:

Equity: A funding formula must distribute education dollars equitably among all Ontario school boards and their students;

Adequacy: The level of funding for education must be adequate to ensure quality education for today's students;

Autonomy/Flexibility: The funding model must allow school boards the autonomy and flexibility in spending they require to achieve the distinctive goals of their system, and to meet local needs; and

Accountability: The funding model must include mechanisms that ensure the appropriate degree of accountability for all parties and transparent processes and reporting mechanisms to support efficient and effective use of educational resources.

It is also essential that the taxation powers in regard to education remain fully within the mandate of the provincial government and that there be no return, in whole or part, to any type of local levy by school boards.

This brief contains some recommendations that are new; in many cases it deals with matters that are still outstanding from previous recommendations made by our Association. As will be noted, a recurring theme of this brief is the reduced flexibility that results from funding pressures and regulations imposed on school boards. This reduced flexibility impairs boards' ability to address local contingencies, denominational foci and other needs peculiar to individual boards.

In making recommendations, OCSTA is mindful of the financially difficult times in which we live. Recognizing that provincial allocations continue to be made, we highlight the areas where improvement is needed, now and in the near future. In some parts of the funding allocations significant improvement can only be made over a period of years. We have identified those areas and ask the Ministry of Education to signal its intention to deal with them by taking a first step in the 2011-12 GSN.

1. Early Learning Program (ELP)

Implementation of the Early Learning Program began in 2010-11. The indication is that the ELP has been popular. OCSTA applauds and agrees with this initiative. The Association has a long record of favouring full-day JK & K. At the same time, we are also mindful that the move to full implementation will require a substantial investment of resources by the Ministry of Education and by school boards.

Even though we are early in the first year of implementation, there have been opportunities to identify several issues that need to be addressed with respect to the funding of the ELP.

Although some schools had available classroom space for the first year of program implementation, school boards have incurred capital costs to make those classrooms “program ready.” These capital costs were not covered by the grant in 2010-11. In addition, the grant for the ELP was not sufficient to cover the start-up costs for materials and supplies required for the appropriate delivery of the program.

Recommendation 1a

That capital costs and the cost of classroom supplies and learning materials be adequately recognized.

Recommendation 1b

That the Grant for Student Needs (GSN) make specific provision for the start-up costs associated with the opening of all ELP classrooms.

One of the most serious shortcomings of the ELP funding is that there is no funding for replacement of Early Childhood Educators (ECEs) who may be absent from the classroom due to illness or some other legitimate purpose. If immediate resolution of this situation is not achieved, school boards will face deficits for reasons not of their making.

Recommendation 1c

That the GSN make provision for the replacement cost of Early Childhood Educators (ECE) who cannot work due to illness or other legitimate reasons.

The popularity of the ELP has manifested itself in some cases with far more requests for spaces than planned for in the ELP roll-out. In some cases boards have opened additional classrooms to meet community needs. In the first year, the additional costs of doing so have not been covered. Special consideration should be given to funding these classrooms in the second and subsequent years.

In 2011-12, many schools will require significant upgrades and changes in order to provide space for full day learning for four and five year olds. Adequate and equitable Ministry funding, both operational and capital, will be required to provide for the introduction of the Early Learning Program.

It is important to recognize that a child's entry into such a program will significantly influence her or his family's long term choice of a school and thus school system. In order to ensure that this program does not interfere with the normal pattern of student enrolment, it is extremely important that implementation is done on an equitable basis.

The history of education funding in Ontario indicates that predictability and equity of funding is best achieved when education programs are funded inside the GSN. Now that the ELP is an ongoing feature of JK-12 education in Ontario, it is time to treat its funding in a manner that is commensurate with its permanent status.

Recommendation 1d

That all operating funding associated with the ELP be provided inside the GSN, effective, 2011-12.

Lastly, but importantly, we bring to the attention of the Ministry of Education two additional problems that have been identified by school boards with respect to ELP implementation.

1. There exists, in some boards' contractual agreements with teachers, class size clauses that predate the ELP and provide for a lower pupil-teacher ratio than the class size basis on which the ELP is funded.
2. Some school areas do not have a sufficient number of students to have an ELP class of 26 students and in smaller boards there are not enough larger ELP classes of 26-29 students to generate sufficient funding to balance much smaller ELP classes.

All of these situations require some rethinking on the part of the Ministry of Education in order that the ELP not become a financial drain on school boards or an unnecessary source of unfortunate labour grievances.

2. Capital

School boards and, arguably, the Ministry of Education, benefitted from previous capital allocation programs in a number of ways. Paramount among these were the predictability and flexibility afforded to school boards to plan, on a district-wide basis, for the most effective and efficient means of addressing their various capital requirements. While several of those capital allocation programs have now been discontinued, the capital needs of school boards have not abated.

The continuing needs of school boards include the following:

1. Old schools need to be re-built;
2. Some schools need to be consolidated due to declining enrolment and this often requires some capital upgrades;
3. Deferred maintenance needs still exist in all school boards;
4. Ultimately all schools will need to meet AODA accessibility standards, but there are no funds earmarked to address these needs; and
5. Even with overall decreases in enrolment, new schools need to be built in boards', growth areas that are sometimes far from existing schools.

The Ministry of Education now issues calls for applications for capital projects. Each of these calls gives the appearance of being a one-off call, with no certainty about whether or when there will be another. As a consequence, many boards have treated these calls as though there will be no other. A multiplicity of different projects, which under the previous system were streamed into specific capital programs, is now herded into a single funding stream. This makes it difficult for boards to assign priorities and difficult for Ministry officials to make decisions that are fair and equitable.

The current situation would benefit from the creation of a multi-year program to address capital needs. This would add an element of predictability to the system and would make it possible for school boards to plan and clearly articulate those plans to the Ministry. It would also make it easier for the Ministry to review applications and make allocations in an orderly and transparent manner that reflected the priorities of both the Ministry and school boards.

Recommendation 2a

That a multi-year capital funding process be established in order to restore the ability of both the Ministry of Education and school boards to plan for future capital needs.

The benchmarks that have been used to fund capital projects have been a problem for some time. They have not been sufficiently updated to keep up with increases in the cost of construction. In addition, variation in cost of construction in various parts of the province is not adequately reflected in the benchmarks. OCSTA recommends that benchmarks be updated yearly in order that they do not fall so far behind that addressing them becomes a large financial burden.

Recommendation 2b

That the benchmarks utilized in the calculation of funding capital programs be annually updated and adjusted to reflect inflation and other changing costs of construction and to recognize variations in these costs across Ontario.

3. Flexibility

OCSTA appreciates the government's commitment to four systems of publicly-funded education and to student success. We welcome the funding that has been provided to meet the government's priorities in primary class size-reduction, student success, lower drop-out rates and early learning opportunities. Catholic school boards support these initiatives and are proud of the positive results Catholic schools are achieving.

All Catholic school boards have submitted balanced budgets for 2010-11. It is clear, however, that our member boards are struggling with their financial situation. More than half of them (16 of 29) had to draw down dwindling operating reserves to balance. In addition, some boards had to resort to severe measures including the reduction of administrative, academic and support staff, the deferral of required maintenance and discretionary expenditure reductions in non-staff (including classroom) areas. These "one-time" measures cannot be continued over the medium or long term. Eventually they must be replaced by sustainable revenue streams that are predictable, in order to bring stability to school board operations and finances.

OCSTA understands the value of overall constraint in these challenging economic times, but does not agree with the recent reductions in specific grants such as the Board Administration and Governance Grant. It would appear that the Ministry has determined that these particular allocations were under spent by school boards and therefore could be reduced without harming student outcomes. This approach constitutes a fundamental and very concerning change in the principles that have governed the funding model since its inception, i.e., that it is a revenue based allocation model and not an expenditure control model, except for three specified grants. If the Ministry needs to make reductions in the GSN, it would be better done on an overall basis, allowing school boards the flexibility to determine how and where to make the expenditure reductions. This would be a more transparent approach to funding that would clearly reflect school boards' authority to make expenditure decisions.

Flexibility is enhanced when funding in all parts of the GSN is adequate. Reductions in specific grants reduce the flexibility on which all school boards depend to address local needs and, in the case of Catholic boards, to address the denominational needs of our system.

Recommendation 3a

That the Ministry of Education strive to provide adequate funding in all parts of the GSN in order to increase the level of flexibility available to school boards.

Recommendation 3b

That the Ministry of Education recognize that the impact of regulations about spending, so called “sweating,” is to reduce the flexibility of school boards to address local needs.

4. School leases

School leases are an issue for only a small number of school boards, but they have a sizeable effect on the largest Catholic boards. Leased school properties have a long and complicated history that cannot be unravelled and are an essential part of the inventory of facilities needed by these boards. This was previously recognized by the Ministry of Education when it allowed these costs to be charged to the NPP grant. Now that the NPP grant no longer exists, the cost of these leases can only be paid out of the boards’ operating budgets.

Affected boards are now confronted with a financial pressure that is new and unfair. These boards have an acute need for an appropriate means of funding these leases.

Recommendation 4

That a new funding mechanism be initiated to replace the NPP Grant as the source to pay for school leases

5. Compensation

The Ministry of Education has taken a number of important steps to deal with what for many years were serious financial pressures from the costs of compensation for various employee groups. The promise to fully fund the costs of agreements reached at Provincial Discussion Tables is paramount among these steps. OCSTA and our member boards are appreciative of these initiatives.

There is concern, however, that recent events and the Province’s financial situation could negatively impact boards in the future. There is some ambiguity as to which, if any, employee groups will be affected by the Province’s wage restraint legislation and the Compensation Restraint Discussions. These are not matters that school boards alone will get to decide.

The recent letter (25 October, 2010) from the Minister of Finance, the Honourable Dwight Duncan, places school boards in a precarious position. School boards could be legally forced to pay increases in compensation that have been previously negotiated with non-unionized staff groups, yet receive no grant from the Province to cover those costs.

It is essential that Ministry funding recognize the full cost of compensation increases, consistent with the PDT, for employee groups that qualify for and actually receive increases in compensation.

Recommendation 5a

That the 2011 GSN fully fund the cost of increases in compensation for all school board employees who receive increases resulting from negotiations that parallel PDT discussions and are allowable under Public Sector Restraint legislation.

There is an additional concern with respect to the Compensation Restraint Discussions. School boards are unsure of the current status of those discussions and concerned about what may result in the future. Should any agreements be reached by the province and any employee groups, any direct or indirect costs to boards of implementing those agreements must be fully funded in the GSN.

Recommendation 5b

That the 2011 GSN fully fund any direct or indirect costs to which school boards may be subject as a result of the Compensation Restraint Discussions.

As the Ministry of Education is aware, school boards are now subject to OMERS contributions that are more than the contributions that prevailed prior to the contribution “holiday.” During the contribution holiday grants to school boards were reduced to reflect their lower costs. The reasonableness of that approach should now be matched by increases in the GSN that reflect the total increase in the OMERS contributions to which school boards are subject.

Recommendation 5c

That the increases in OMERS contributions on the part of employers be fully recognized in the GSN in a fashion that parallels the non-payment of OMERS during the OMERS “holiday.”

School boards also have no control over the increase in Employment Insurance (EI) premiums. The compensation lines of school board budgets are already affected by benefit costs that are not fully recognized in the funding formulae. It would be unfortunate if the 2011-12 GSN allowed that gap to grow by not fully recognizing the increase in EI premiums.

Recommendation 5d

That the 2011 GSN fully compensate school boards for the increase in the employer’s share of increased EI premiums.

6. Declining enrolment

Almost all school boards in Ontario are experiencing some degree of declining enrolment. So far, the declines have been primarily at the elementary level. As these younger cohorts transition to secondary schools, declining enrolment will be experienced there. In brief, overall decreases in enrolment will continue for some time to come and the financial challenges that this poses will not abate.

OCSTA and our member boards are concerned about the reductions in the Declining Enrolment Adjustment. The funding in the third year has been reduced from 25% to 5% of the first year grant, effectively changing the grant to a two year transitional period. This is simply not long enough for school boards to make the level of adjustments in costs that is proportional to the loss of revenue.

Because the GSN is primarily driven by enrolment, even small declines in enrolment have a severe negative effect on revenues. Unfortunately, board expenditures do not follow the same pattern, as they tend to be fixed within certain blocks. Even though there may be enrolment declines overall in a board, the decline at the school level is often less dramatic and does not allow boards to reduce school based expenditures (principals/ teachers/support staff salaries) to the same degree and in the same time cycle. The problem of reacting at the board office is even more difficult as many of these centralized expenditures are fixed within very broad enrolment ranges.

The School Foundation Grant and the Program Enhancement Grant ameliorate some of the effects of lost pupils, as they are not enrolment dependent. There has also been partial relief for declining enrolment in the GSN, particularly through the Declining Enrolment Adjustment Grant. This assistance, however, is not complete and is too short-lived. Boards need more time than is now allowed by the grant to align costs to the sums lost due to declining enrolment.

Recommendation 6a

That the Ministry of Education review the Declining Enrolment Adjustment and re-consider the changes introduced in the 2009-2010.

Recommendation 6b

That the GSNs ensure that the Declining Enrolment Adjustment realistically recognize the timeframe within which boards are able to adjust their costs, in the light of lost enrolment: First year, 100%, Second Year, 50% and Third Year, 25%.

7. Legal costs

Many parts of school board operations, now more than previously, result in boards incurring legal costs. These include, but are not limited to, the following: appeals of expulsions and suspensions; human rights complaints, labour disputes in the form of union initiated/supported grievances; property issues, including Ontario Municipal Board hearings; and legal actions taken by parents or staff for an increased variety of reasons.

These costs are exceedingly difficult to predict and school boards have little discretion over whether to incur them when legal action is initiated by other parties. Presently legal costs are part of the Administration and Governance envelope. This envelope has come under serious pressure due to increased costs and reductions in the grant. As a consequence, when compliance tests are conducted under PSAB, legal costs could drive boards into non-compliance. Remediation is needed on two fronts. The GSN must provide a higher level of funding for legal costs and a provision must be put in place that would not allow spikes in legal costs to be the cause of school boards being found to be non-compliant with respect to its Administration and Governance envelope.

Recommendation 7a

That the GSN make additional provision for legal costs, beyond what is now covered in the GSN.

Recommendation 7b

That the Ministry of Education do one of the following: either create a special budget “home” for legal costs that is not in the Administration and Governance category; or, as an alternative, remove legal costs from the Administration and Governance line when tests for compliance are conducted.

8. SPECIAL EDUCATION

OCSTA appreciates the significant improvements to the funding of special education that have been made since 1998. At the same time the Association is aware that most of its member boards, now and in the past, experience a shortfall in funding for the programs, services and equipment needed to serve students with special needs. Among the 29 Catholic district school boards there was a gap of some \$68 million between the special education allocation and expenditures in 2009-10; in 2010-11 the gap has grown to \$74 million.

There are indications that, in some quarters of the Ministry of Education, there is a view that school boards may be taking inadequate account of the fact that special education students generate funding beyond the special education grant itself, for example, through the Pupil Foundation Grant. The implication is that the funding gap is not as great as claimed by school boards. OCSTA disagrees with this view. Those grant funds generated by special education students properly go to pay the services and salaries of persons who work in the school. Specifically, if the special education student is in a regular classroom for any part of the day, that student is counted as full time in that classroom for such things as class-size calculations; there is no saving to be applied to the additional programs and services received by such students.

OCSTA supports a layered approach to special education funding. The current practice of providing grants through the Foundation Grant and supplementing these with a separate and protected Special Education per Pupil Amount (SEPPA) grant to assist in provision of services and programs for students with special needs must be maintained. It is necessary, however, that benchmarks within the SEPPA allocation be reviewed and updated to better reflect the real costs experienced by boards, particularly at the secondary level. Although the gap between elementary and secondary SEPPA funding has now been narrowed, it has not been closed sufficiently to recognize the cost of on-going services that must be provided to very high-needs students throughout their academic career.

Recommendation 8

That the Ministry of Education continue to allocate funds for special education through a layered process that includes the Foundation Grant, a separate and protected SEPPA (Special Education per Pupil) grant and funding to recognize the changing incidence of students with high needs.

9. Accessibility for Ontarians with Disabilities Act (AODA) standards

OCSTA and its member boards support fully the goals and principles of AODA and the long-term benefits that will accrue to all Ontarians when it is fully adopted.

Working together with our counterpart organization, the Ontario Public School Boards' Association, OCSTA has provided its views about the standards and regulations pertaining to Customer Service, Information and Communication, Employment Accessibility, Transportation and the Built Environment. While OCSTA welcomes the on-going implementation of the AODA

and very much appreciates the collaborative process by which standards have been developed, we are concerned about the school boards' ability to fund the modifications to facilities, administrative processes and other aspects of board operations that will be required as a result of these new standards. School board funding does not currently recognize costs associated with implementing the new standards. Given the extensive demands on school board resources, now and in the foreseeable future, funding to meet the many requirements of the *Act* must be provided.

Recommendation 9

That the GSN fully recognize the additional costs associated with meeting any and all AODA standards with which school boards are required to comply.

10. Transportation

Previous OCSTA Finance Briefs have expressed our serious concern that the Ministry has taken an overly prescriptive view about the need for and structure of transportation consortia. [Our recommendations, in this regard, are now to be found in the Appendix to this brief.]

Of greatest concern to Catholic boards has been their need to retain sufficient autonomy to create transportation policies that allow Catholic parents to exercise their rights to Catholic education by having reasonable access to Catholic schools. In addition, OCSTA has advocated for a broadening of the definition of consortia to include a wider range of cooperative transportation arrangements.

An additional and more current concern is in regard to the "clawback." The Ministry of Education plans to take back, in one form or another, allocations for transportation to school boards that are not spent on transportation. This new practice moves transportation into yet another enveloped area and results in less flexibility for school boards.

The operative assumption appears to be that the funds are not needed since they were not spent on transportation. This is simply not the case. Many of our member boards have deliberately under-spent their transportation allocation in order to be able to afford other educational expenditures, such as special education or local needs. The money not used for transportation was not "unspent," it was appropriately dedicated to real and important educational purposes. Clawing back those sums leaves some programs or services without a financial basis. At the very least, school boards need time to adjust to such changes, especially in times when financial circumstances are highly challenging. OCSTA opposes such a clawback.

Recommendation 10

That the "claw-back" of transportation funding that is not used for transportation be reconsidered and, for the time being, delayed for at least one year.

11. Technology

In order to function effectively and efficiently and to meet both internal and external reporting requirements, school boards, as with most organizations, have become more reliant on information technology in both administrative and academic areas. A portion of the Foundation Grant (reduced in 2009-10 and 2010-11) provides funding for the latter, however there is no specific IT grant for administrative needs. Computer hardware and software quickly become obsolete and must be refreshed in order to maintain efficiency and effectiveness. Although the cost of hardware has generally decreased over the years, the cost of sophisticated software programs, support and training have escalated. These costs must be funded from the board administration envelope and have contributed to expenditure increases over the past few years.

In the past the GSN has not provided any one-time funding for the upgrading of the foundation ICT infrastructure (e.g., servers, network switches and network communications), which has a maximum life cycle of seven-to-ten years. Consideration needs to be given as to how these replacement needs are best addressed in the future. OCSTA recognizes that the backlog of technological needs is so great that the Ministry will not be able to fund all that is required in a single year. It is critical, however, that the Ministry of Education signal its intention to address this pressing need.

Recommendation 11

That the 2011-12 GSN reflect a significant first step on the part of the Ministry of Education to address needs in both classroom and administrative technology, including aging technological infrastructure, over a period of three to four years.

12. Aboriginal education

Ontario Catholic schools serve varying numbers of Aboriginal students. The education of Aboriginal children who live on-reserve but attend off-reserve schools is the responsibility of the Federal Government. Payment for the education of these students is done through “tuition agreements” between the school board and the appropriate Band Councils. The costs covered by these agreements are regulated by the Department of Indian and Northern Affairs Canada (DINAC).

Several problems have been identified with respect to these tuition agreements. In some cases they have been difficult to complete. School boards find that, for many First Nations students, the cost of delivering the educational services they need exceeds the revenue that flows from the tuition agreement. Some school boards have experienced difficulty in collecting the tuition specified in agreements. For smaller boards, late payments can pose serious cash-flow problem. For all boards, long term delays are problematic. School boards are not staffed to act as collection agencies and usually available measures to collect delinquent accounts have limited applicability when the owing party is a Band Council.

In order to begin to address these issues over the longer term, OCSTA would suggest that the Ministry of Education, together with representatives of school boards and First Nations, explore the possibility of having First Nations students attending board-operated schools recognized and funded as resident pupils of the board. OCSTA proposes that representatives of DINAC also be included in such discussions, as direct payments from DINAC to the Ministry could facilitate such a change.

In the short term, we ask that the Ministry of Education address the following specific issues in regard to Aboriginal education.

Ontario school boards find that many Aboriginal students require specialized programs to meet their high level of educational need. Often, these are special education programs and services. Frequently they include English as a second language programs. DINAC regulations do not allow for all of these additional costs to be covered. School boards are not in a position to work directly with DINAC and attempts to work through Band Councils have not been successful. The Ministry of Education is in a far more favourable situation to make appropriate representation to DINAC. Our member boards will be pleased to assist the Ministry in any way deemed desirable.

Recommendation 12 a

That the Ministry of Education work together with Indian and Northern Affairs Canada to ensure that tuition agreements provide sufficient funding for the programs needed by many First Nations children with respect to special education and other expensive services.

The goal of the Early learning Program (ELP) is to enhance the school/learning readiness of students before they get to grade 1. It is expected that this will manifest itself in a variety of advantages throughout the educational career of young people. Performance in the areas of numeracy, literacy should be enhanced not only throughout elementary school, but also through secondary school. Increased student success should manifest itself in such things as staying in school, credit accumulation, graduation rates and preparation for college and university.

Many Aboriginal children, who attend elementary school on-reserve, will attend Ontario secondary schools. OCSTA is concerned that these students will not have had the advantage of the ELP, and may be disadvantaged as a result. OCSTA encourages the Ministry of Education to strongly encourage its counterparts at DINAC to make available to children schooled on-reserve the benefits of the ELP.

Recommendation 12 b

That the Ministry of Education work together with Indian and Northern Affairs Canada to ensure that the benefits of the Early Learning Program be made available to children in on-reserve elementary schools, most of whom will eventually move to secondary schools operated by school boards in Ontario.

13. Copyright tariffs

Ontario is the only province where school boards, rather than the provincial education ministry, are subject to the Access Copyright, JK-12, "photocopy" tariff. School boards, through their provincial organizations, are directly involved in the tariff setting process.

That anomaly has respectable historical roots. About 1980, the Ontario Ministry of Education was the first province to negotiate a photocopy license for JK to 12 education. When the license was renewed, the Ministry arranged for the school boards to be licensees. Other provinces later negotiated licenses, but the ministry was the licensee in each case. When ministries of education became aware that licenses or tariffs for forms of copying other than photocopying, i.e., digital copying, were imminent all the ministries of education, including Ontario, formed a consortium to address digital copying issues. Hence, in Ontario, unlike any of the other provinces (excluding Quebec) or territories, there are two tracts of responsibility for copyright: photocopying and digital copying.

Technological advances have now erased most of the difference between digital copying and what is still called photocopying. Modern "photocopiers" make a digital copy of the item to be copied. Photocopiers are used as digital printers. The worlds of photocopying and digital copying have morphed so as to no longer be meaningfully distinguished. The current application for a new JK-12 tariff includes digital copying, but the school boards in Ontario remain engaged in the tariff setting process as Objectors to the high tariff that Access Copyright has requested from the Copyright Board of Canada.

OCSTA believes it would be more effective and efficient for the Ontario Ministry of Education to assume all of these roles.

Recommendation 13

That the Ministry of Education assume responsibility for all copyright tariff setting processes as well as become subject to the resulting copyright tariff(s)

14. Public Sector Accounting Board (PSAB) requirements

Public Sector Accounting Board (PSAB) requirements are having an increasing impact on school boards. School boards now carry items on their financial statements that were not there previously. More requirements are to be added in the future.

Two consequences of PSAB requirements deserve mention. Firstly, audit fees have increased as a result of these increased complexities, putting added pressure on the Administration and Governance envelope.

Secondly, as new PSAB requirements are added, it will become more difficult for boards to be found compliant. New items cannot be added quickly to boards' financial statements without consequence. School boards, in general, have managed their financial affairs well with respect to items such as the value of owed vacation days. Other items, such as retirement gratuities, have historical origins and cannot easily be modified, particularly in the current economic and financial climate.

Recommendation 14

That the Ministry of Education continue to exercise great care in implementing PSAB requirements so as not to push school boards into non-compliance with respect to matters over which they have little control.

15. Educational Programs Other (EPO) grants

Grants under the name of "Educational Programs Other" (EPO) have become a well recognized part of the funding of education in this province. Four years ago there were 30 such grants; today, there are some 100. These funds are provided in-year and outside the GSN. They are for targeted projects, conducted within the same fiscal year in which they are provided and often require an application and one or more reports.

There are usually undeniable merits to the projects funded through EPO grants. The problem for many school boards is that they must be applied for and initiated outside of their usual planning and implementation cycle and often with very short timelines. Many of these grants involve one-time funding and have a life of much less than one year, which limits the value that the grant can generate for the board. When combined with the reporting requirements, these limitations cause some boards, particularly small ones with little administrative staff, to pass on the opportunity to apply for these funds.

Recommendation 15a

That school boards be given as much advance notice as possible about new opportunities for EPO grants.

We have previously made the Ministry of Education aware of these concerns and are grateful that some of our concerns about reporting requirements have been taken into consideration. Yet, much more needs to be done.

Recommendation 15b

That the administrative requirements of EPO grants be reduced.

It would be helpful to boards if the Ministry of Education put in place a mechanism that would allow boards, in special circumstances, and with the permission of the Ministry, to use an EPO allocation over two fiscal years. These exceptional circumstances could include the board's ability to demonstrate that phased implementation would greatly improve the outcomes of the project compared to that which could be achieved in-year.

Recommendation 15c

That provision be made to allow school boards with the permission of the Ministry of Education, to delay partial or full implementation of certain EPO grants if doing so would demonstrably improve the quality of the initiative.

OCSTA's Finance Briefs have been an important vehicle of communication about financial issues facing our member boards. The Association continues to be grateful for the positive reception afforded to our briefs by the Minister and Ministry officials. We look forward to continuing opportunities for dialogue. We are willing and prepared to assist the Minister and her officials on questions of future changes to the funding of education.

SUMMARY OF RECOMMENDATIONS

1. Early Learning Program (ELP)

- a. That capital costs and the cost of classroom supplies and learning materials be adequately recognized.
- b. That the Grant for Student Needs (GSN) make specific provision for the start-up costs associated with the opening of all ELP classrooms.
- c. That the GSN make provision for the replacement cost of Early Childhood Educators (ECE) who cannot work due to illness or other legitimate absences.
- d. That all operating funding associated with the ELP be provided inside the GSN, effective, 2011-12.

2. Capital

- a. That a multi-year capital funding process be established in order to restore the ability of both the Ministry of Education and school boards to plan for future capital needs.
- b. That the benchmarks utilized in the calculation of funding capital programs be annually updated and adjusted to reflect inflation and other changing costs of construction and to recognize variations in these costs across Ontario.

3. Flexibility

- a. That the Ministry of Education strive to provide adequate funding in all parts of the GSN in order to increase the level of flexibility available to school boards.
- b. That the Ministry of Education recognize that the impact of regulations about spending, so called “sweating,” is to reduce the flexibility of school boards to address local needs.

4. School leases

That a new funding mechanism be initiated to replace the NPP Grant as the source to pay for school leases.

5. Compensation

- a. That the 2011 GSN fully fund the cost of increases in compensation for all school board employees who receive increases resulting from negotiations that parallel PDT discussions and are allowable under Public Sector Restraint legislation.
- b. That the 2011 GSN fully fund any direct or indirect costs to which school boards may be subject as a result of the Compensation Restraint Discussions.
- c. That the increases in OMERS contributions on the part of employers be fully recognized in the GSN in a fashion that parallels the non-payment of OMERS during the OMERS “holiday.”
- d. That the 2011 GSN fully compensate school boards for the increase in the employer’s share of increased EI premiums.

6. Declining enrolment

- a. That the Ministry of Education review the Declining Enrolment Adjustment and re-consider the changes introduced in the 2009-2010.
- b. That the GSNs ensure that the Declining Enrolment Adjustment realistically recognize the timeframe within which boards are able to adjust their costs, in the light of lost enrolment: First year, 100%, Second Year, 50% and Third Year, 25%.

7. Legal costs

- a. That the GSN make additional provision for legal costs, beyond what is now covered in the GSN.
- b. That the Ministry of Education do one of the following: either create a special budget “home” for legal costs that is not in the Administration and Governance category; or, as an alternative, remove legal costs from the Administration and Governance line when tests for compliance are conducted.

8. Special education

That the Ministry of Education continue to allocate funds for special education through a layered process that includes the Foundation Grant, a separate and protected SEPPA (Special Education per Pupil) grant and funding to recognize the changing incidence of students with high needs.

9. Accessibility for Ontarians with Disabilities Act (AODA) standards

That the GSN fully recognize the additional costs associated with meeting any and all AODA standards with which school boards are required to comply.

10. Transportation

That the “claw-back” of transportation funding that is not used for transportation be reconsidered and, for the time being, delayed for at least one year.

11. Technology

That the 2011-12 GSN reflect a significant first step on the part of the Ministry of Education to address needs in both classroom and administrative technology, including ageing technological infrastructure, over a period of three to four years.

12. Aboriginal education

- a. That the Ministry of Education work together with Indian and Northern Affairs Canada to ensure that tuition agreements provide sufficient funding for the programs needed by many First Nations children with respect to special education and other expensive services.
- b. That the Ministry of Education work together with Indian and Northern Affairs Canada to ensure that the benefits of the Early Learning Program be made available to children in on-reserve elementary schools, most of whom will eventually move to secondary schools operated by school boards in Ontario.

13. Copyright tariffs

That the Ministry of Education assume responsibility for all copyright tariff setting processes as well as become subject to the resulting copyright tariff(s).

14. Public Sector Accounting Board (PSAB) requirements

That the Ministry of Education continue to exercise great care in implementing PSAB requirements so as to not needlessly push school boards into non-compliance with respect to historical matters over which boards have little or no present control.

15. EPO grants

- a. That the administrative requirements of these grants be reduced.
- b. That school boards be given as much advance notice as possible about new opportunities for EPO grants.
- c. That provision be made to allow, with the permission of the Ministry of Education, school boards to delay partial or full implementation of certain EPO grants if doing so would demonstrably improve the quality of the initiative.

APPENDIX

ITEMS OF CONTINUING CONCERN

There are certain recommendations that have been made in previous years, which have not been fully addressed to date. OCSTA has chosen not to repeat these items in detail, but considers them important enough to list here. We would be pleased to supply background information on any of these issues.

Employee benefits

That the Ministry immediately undertake a study of the cost of benefits, including the costs that relate to the end of mandatory retirement, and adjust GSN to address the remaining shortfall in funding for employee benefits in three additional stages, starting in 2011-12.

Declining Enrolment Adjustment – technical change

That the funding formula be adjusted such that qualifying for the declining enrolment grant be calculated separately for the elementary and secondary panels, rather than on the “net” of the two when they are taken together.

New initiatives

That the Ministry of Education provide full funding for its new initiatives and extend the practice to all new government initiatives including the cost of utilities and the HST.

Provincial advisory committee

That the Minister of Education create a provincial advisory committee, including representation from provincial education associations and Ministry officials, to monitor the impact of the funding formula and provide on-going advice to the Minister on issues that involve funding.

Administrative accommodation

That the GSN be amended to provide adequate allowance for construction, renewal and maintenance of administrative accommodations of school boards.

Transportation consortia

That the Ministry of Education review and refine its transportation reform policy so as to achieve the following: 1) make clear the continuing authority and autonomy of school boards to establish policy regarding student transportation within their jurisdiction; 2) broaden the definition of acceptable transportation consortia to include a spectrum of cooperative transportation arrangements; 3) allow English-language boards that meet the provincial standards of financial efficiency and effectiveness to continue to deliver transportation services independently; and 4) include the right to withdraw from a consortium as the final step in the dispute resolution process.

Teacher Qualification & Experience Grant (“Q & E”)

That the Ministry of Education amend the criteria used to determine those teachers eligible for Q & E funding to include all qualified teachers, regardless of the source from which they are funded.

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