

2014-15 Grants for Student Needs

TECHNICAL BRIEFING

PURPOSE

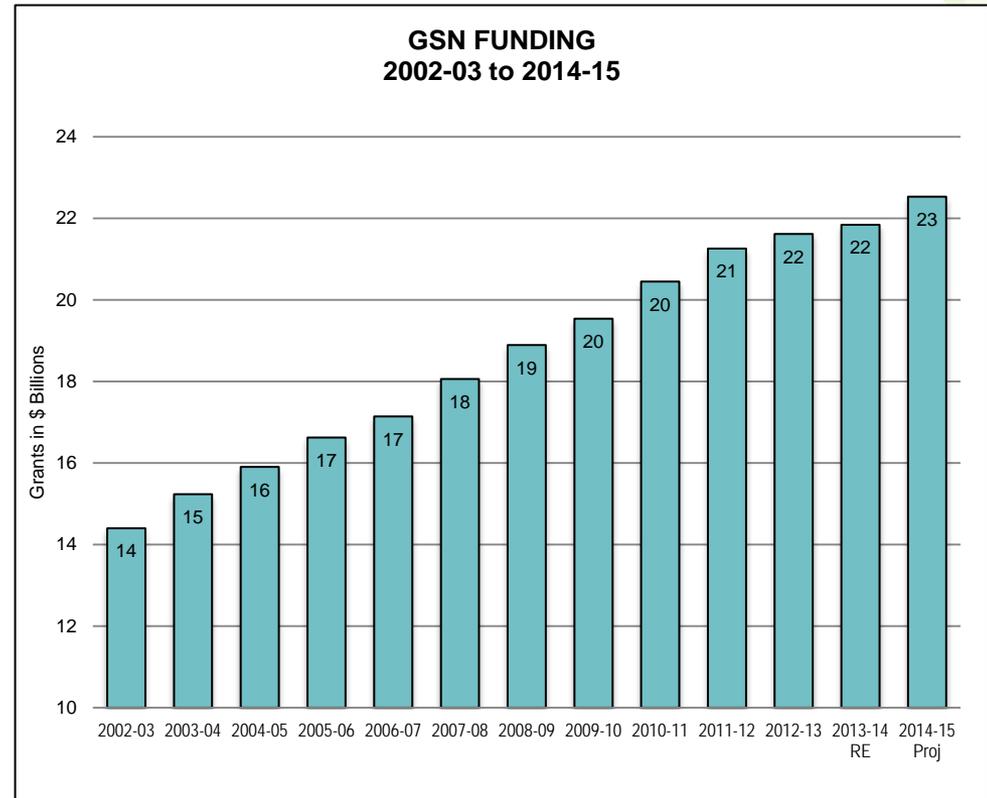
- To provide school boards and other key stakeholders with an overview of the major new elements that make up the Grants for Students Needs (GSN) for 2014-15.
 1. Transfer of funding of Full-Day Kindergarten (FDK) into the GSN.
 2. Continued support for labour agreement commitments.
 3. Measures arising from the School Board Efficiencies and Modernization (SBEM) consultations.
 4. New capital investments.
 5. Funding formula reforms in special education and school board administration.
 6. Keeping up with costs.
 7. Accountability measures.

GSN Regulation Release

- The GSN regulations for 2014-15 have been made by the Lieutenant Governor in Council.
- These regulations include the GSN funding regulation, the fees regulation, and the average daily enrolment (ADE) regulation.
- The board-by-board allocations for Education Programs - Other (EPO) are being released today as well, to give school boards as much information as possible to help them in their budget building process.
- We are also releasing the final report of the School Board Administration and Governance Advisory Group (BAAG), a report on what we heard through the School Board Efficiencies and Modernization consultation, and a technical memorandum on implementation details for changes to the Special Education Grant.

Overview – Total Operating Funding

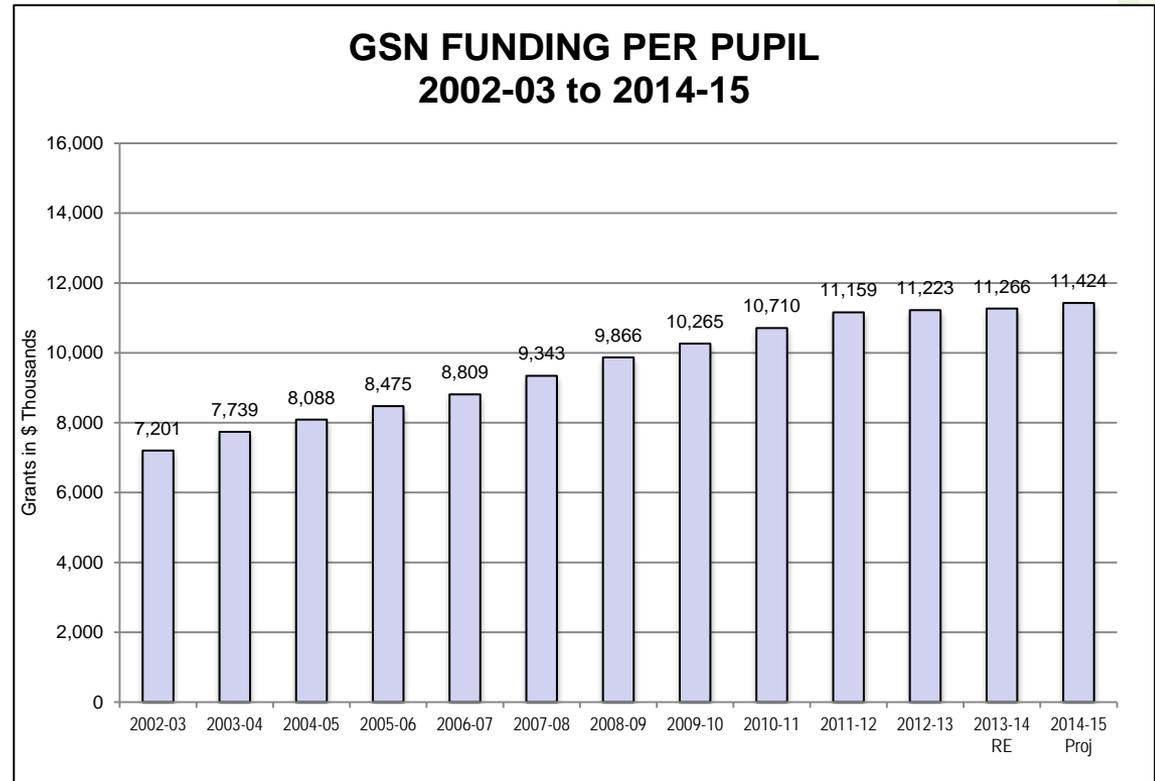
- The GSN in 2014-15 is projected to be \$22.53B, an increase of about 3.1% over 2013-14.
 - The majority of this increase reflects the integration of FDK into the GSN.
 - The GSN funding level represents an increase of over \$8B (56%) in operating funding compared to the 2002-03 school year.



Note: To provide a clear year-over year comparison, we have added FDK funding, which was previously outside the GSN, to previous years' GSN funding totals.

Overview – Per-pupil Funding

- Per-pupil funding in 2014-15 is projected to be \$11,424:
 - This is \$158 (1.4%) more than 2013-14, and \$4,223 (59%) more per pupil compared to the 2002-03 school year.



1. Full-Day Kindergarten

- The 2014-15 school year marks the full implementation of Full-Day Kindergarten (FDK) as the standard core education program for all four- and five-year-old students.
- This puts funding for FDK students on the same footing as funding for students in all other grades.
- To accommodate this change, there will now be three grade groupings in the Elementary Pupil Foundation Grant:
 - Kindergarten;
 - Primary (Grades 1 to 3); and
 - Junior and Intermediate (Grades 4 to 8).
- Funding for Early Childhood Educators (ECEs) will now be allocated through the Kindergarten Pupil Foundation Grant, with funding for salary grid recognition provided through the Cost Adjustment and Teacher Qualifications and Experience Grant.

1. Full-Day Kindergarten (cont'd)

- Additional funding will also be flowed for Supported Schools to help the viability of FDK at these facilities by ensuring there is a minimum core staffing of ECEs where warranted by enrolment.
- The Declining Enrolment Adjustment Grant has been revised for 2014-15, so that it will be held harmless against the increase in Kindergarten ADE resulting from the FDK transfer into the GSN.
- Funding for Early Years Lead positions in all school boards will continue to be allocated through EPO in 2014-15.

2. Labour Framework

- Current sector collective agreements expire August 31, 2014.
- In the absence of new collective agreements being in place for September 1st, the current terms and conditions of employment in expired agreements will continue into the 2014-15 school year, unless these terms and conditions are specifically time-limited in the collective agreement. This is due to the statutory freeze under Section 86 of the *Ontario Labour Relations Act*.
 - The 97th day provisions for the purposes of salary grid movement would continue, as would their funding implications.
 - Other terms and conditions that continue under the statutory freeze include benefit levels, long-term disability provisions, maternity leave benefits, and sick leave plans.
 - Unpaid days are time-limited specific to the 2013-14 school year and will not continue.

2. Labour Framework (cont'd)

- The Government will continue to meet its ongoing labour commitments with the various employee groups, such as
 - **Funding for an additional sick day (\$30M)** – the number of sick days was increased from 10 to 11 days, with funding built into the supply teacher benchmarks in 2013-14;
 - **Expanding eligibility for sick leave (\$3M)** – eligibility for sick leave and short-term leave and disability plan benefits was expanded to capture a wider range of employees;
 - **Expanding benefits for maternity leave (\$24.5M)** – the minimum benefit period for maternity leave was been extended from 6 to 8 weeks for eligible employee groups; and
 - **ETFO (\$113.2M)** – elimination of the salary differential between the Elementary Teachers' Federation of Ontario (ETFO) and non-ETFO teachers, which is effective September 1, 2014.

2. Labour Framework (cont'd)

- The Ministry will continue to implement a reduction in the benefits funding benchmarks as part of the phasing out of retirement gratuities.
 - As in 2013–14, the phase-out will be implemented through a reduction to all benefits benchmarks in the GSN.
 - This 0.167% reduction in the benefits benchmarks in the Foundation Grants will be made with equivalent adjustments to the benefits benchmarks in the special purpose grants.



3. School Board Efficiencies and Modernization (SBEM)

- The 2013 Budget announced that consultations would be held on efficiencies and modernization measures, with savings to begin in the 2014-15 school year.
- In November, 2013, consultations were held with trustees, board directors of education, school board business officials, principals and vice-principals, teacher federations, support staff representatives, parent groups, student trustees, and the Minister's Advisory Council on Special Education (MACSE).
- Submissions were also solicited and received from various parties in the education sector.



3. School Board Efficiencies and Modernization (cont'd)

- A strong consensus emerged from the consultation that we needed to work together to make better use of school space.
- We heard that school space is a community resource that could be supported by creative partnerships, that the process for accommodation reviews needed improvement, and that increased capital investments would be required to support meaningful change.
- We also heard that implementing changes would take time and that a phased approach would be preferred.



3. School Board Efficiencies and Modernization (cont'd)

- As a result, we are taking a measured and phased approach to promoting more efficient use of school space. This strategy consists of the following five key elements:
 - Revising GSN grants and allocations to encourage boards to make more efficient use of school space;
 - Revising the Pupil Accommodation Review Guideline (PARG) to make the process more effective for boards and the community;
 - Providing more capital funding to support consolidations and right-sizing of school facilities;
 - Providing funding to boards to build planning capacity where there is a need to address underutilized schools; and
 - Consulting with the education sector on a regular basis on issues related to the GSN, including issues related to making more efficient use of school space.

3. School Board Efficiencies and Modernization (cont'd)

Changes to Top-up calculations

- There are currently GSN grants that discourage boards from making decisions on using their school space more efficiently.
- To encourage more activity in this area, we will be adjusting the thresholds used to calculate Top-up funding for school under full capacity.
- Base Top-up funding will now be provided for up to a maximum of 95% of a school's capacity.
- We will also be introducing a two-tiered system for calculating Base Top-up funding. Under this new approach, schools with the lower capacity will receive less Top-up funding support.
- These changes will not affect those schools that generate enhanced Top-up funding.



3. School Board Efficiencies and Modernization (cont'd)

Reinvestments in Supported Schools

- We will also taking steps to support minimum staffing levels at Supported Schools where both panels are located in the same school.
- Currently, a Supported School, which houses both an elementary and a secondary school, is treated as a secondary school for funding purposes.
- With the new funding approach, funding for elementary and secondary teachers will be generated by separate, panel-specific calculations.
- With this change, these schools should generate more funding which may also encourage more boards to combine schools from different panels in one location.



3. School Board Efficiencies and Modernization (cont'd)

Revised *Pupil Accommodation Review Guideline*

- The provincial *Pupil Accommodation Review Guideline* provides direction to school boards on how to conduct public accommodation reviews on the future of a school or group of schools.
- The Ministry has begun a review of the Guideline and will be developing a revised Guideline that should make the accommodation review process more flexible for school boards, while helping to ensure that the community has meaningful input in the process.
- The Ministry will consult with education stakeholders in the Spring and expects to release a revised Guideline in the Summer of 2014.

3. School Board Efficiencies and Modernization (cont'd)

Capital Investments to support efficient use of school space

- To help boards manage their school space more efficiently, a new, four-year, \$750M School Consolidation Capital (SCC) program has been established.
- This new capital funding will be allocated on a business-case basis for projects that support consolidations through new school construction, retrofits, and additions.
- About \$100M of this funding will be allocated to support 23 consolidation projects that have already been approved for funding as part of the 2013-14 Capital Priorities Program.
- The Ministry will be providing more details in the near future on the process for allocating the balance of the SCC funding.

3. School Board Efficiencies and Modernization (cont'd)

Building Board Capacity for Capital Planning

- We will be providing boards with \$8.3M to support policy development and capacity building to undertake the planning needed to make more efficient use of their school space.
- This funding will be targeted to boards that have consolidation opportunities but may not currently have adequate planning capacity.
- Details on the allocation process for this new funding will be available in the near future.



3. School Board Efficiencies and Modernization (cont'd)

Further Consultations

- We intend to re-establish the process of annual GSN consultations with the education sector.
- As part of that process, we will continue to engage stakeholders on ways that the GSN can support more efficient use of school space.
- We also intend to consult with other provincial Ministries on a policy that promotes sharing space with a wider range of community partners.



4. Other Capital Investments

Capital Priorities

- The Ministry is currently finalizing the 2013-14 Capital Priorities funding approvals. We expect to provide more details on funding allocations for this round of Capital Priorities later this Spring, with an announcement on the next round later in the year.

Land and Temporary Accommodations

- Support will continue for the cost of temporary accommodation, as well as land purchases that support approved capital priorities.

4. Other Capital Investments (cont'd)

School Condition Improvement (SCI)

- Over the next three years, the government will be making a new investment of \$1.25B in School Condition Improvement (SCI) funding. This represents the largest investment in school renewal since the Good Places to Learn Renewal Program in the mid-2000s.
- For the 2014-15 school year, \$250M in SCI funding will be allocated in the same manner as in the past three years.
- For 2015-16 and 2016-17, SCI funding will be increased to \$500M per year and will be allocated using a new funding methodology that will include information collected from the Condition Assessment Program.
- The Ministry intends to develop enhanced accountability measures for school board reporting of SCI expenditures for the 2015-16 school year.



5. Funding Formula Reforms

School Board Administration and Governance

- The School Board Administration and Governance Advisory Group (BAAG) was established in 2010, to develop a new funding model for school board administration.
- The new model will replace the largely enrolment-based allocations with an approach that better reflects the key cost drivers and cost structures of school boards, as determined by board-level data.
- In 2014-15, based on advice from BAAG, the Ministry will begin to implement the new allocation model.
- The new model fully implements the recommendations in the report, with the exception of the phase-in period, which will be extended to four-years to help boards adjust to the redistributive impacts.



5. Funding Formula Reforms (cont'd)

Special Education

- The Ministry is continuing with its evolution of the High Needs Amount (HNA) allocation.
- After continued consultations with stakeholders, in 2014-15 we will begin eliminating both the legacy HNA per pupil amounts and the transitional HNA Stabilization support.
- Funding from these changes will be gradually repurposed and redistributed to increase the proportion of funding that is allocated through both the HNA Measures of Variability Amount (MOV) and the Special Education Statistical Prediction Model (SESPM).
- In addition, a High Needs Base Amount for Collaboration and Integration will be introduced which will provide a “floor/base” of high needs funding using the same amount for all school boards.
- These changes, though fiscally neutral provincially, will have redistributive impact, and will therefore be phased in over four years.



5. Funding Formula Reforms (cont'd)

Mental Health Leaders

- For 2014-15, annual funding for Mental Health Leaders in school boards is being moved from EPO into the GSN.
- \$8.8M in funding will support the salary and benefits costs (\$120,000) of one Mental Health Leader in each school board, plus one leader to be shared by the four District School Authorities.
- Funding will be allocated through a separate component of the Learning Opportunities Grant. This funding will be enveloped to ensure that there is at least one Mental Health Leader in every school board in the province.

6. Keeping up with Costs

Student Transportation

- Funding for student transportation is projected to reach \$883.5M. This increase includes a 2% increase to help boards manage increased costs.
- As in previous years, this 2% cost update will be netted against a school board's transportation surplus. In addition, the fuel escalation and de-escalation mechanism will continue to trigger funding adjustments over the course of the school year.
- Beginning in 2014-15, we will be returning to the policy of providing for 100% of the funding decrease resulting from declining enrolment. This change will help boards maintain service levels despite declining enrolment and will help meet transportation pressures that may emerge from school consolidations.

6. Keeping up with Costs (cont'd)

Utilities

- The non-staff portion of the School Operations Allocation benchmark will again be increased to help boards manage increases in commodity prices.
- As was the case in 2013-14, we will also be increasing funding to further help boards with electricity costs. In total, the electricity component of the benchmark will increase by 7.3% based on the Ministry of Energy's most recent Long-Term Energy Plan.

6. Keeping up with Costs (cont'd)

Construction Benchmarks

- New construction cost benchmarks will increase by 4% to reflect the increase in construction costs since the last benchmark update in 2011.
- This increase will apply to all new project approvals, including those made under the 2013-14 Capital Priorities funding program.

7. Accountability

- Over the past few years, some school boards have been using their School Renewal Allocation to address pressures in School Operations. For 2014-15, the Ministry will be introducing enveloping measures to help ensure that the School Renewal Allocation is used on renewal expenditures. We will continue to focus on streamlining reporting requirements where possible.
- We will also continue to work with the sector to ensure that the allocations targeted to the government's key priorities, such as elements in the Learning Opportunities Grant, and the Safe Schools Supplement Grant, are used for their intended purpose.

School Authorities

- As in previous years, funding for school authorities will be adjusted in 2014-15, as appropriate, to reflect changes in funding to district school boards. The Ministry will provide further information concerning funding in 2014-15 for school authorities in the near future.

Education Programs – Other

- The Government will continue to support other education initiatives that advance student achievement with investments outside the GSN.
- To further help boards with their budget planning for the coming school year, the Ministry is confirming today that \$178.9M will be allocated to sustain supports to priority education initiatives.
- Of this amount, \$119.7M has been allocated on a board-by-board basis, which is also being communicated by memo today.
- The remaining \$59.2M has been allocated by program, with board allocations to be released later in the year.

Due Date for Submissions

- The Ministry has established the following dates for submission of financial reports:
 - **June 30, 2014** Board Estimates for 2014–15
 - **November 14, 2014** Board Financial Statements for 2013–14
 - **November 28, 2014** Board Enrolment Projections for 2015-16 to 2018-19
 - **December 15, 2014** Board Revised Estimates for 2014–15
 - **May 15, 2015** Board Financial Report for September 1, 2014 to March 31, 2015
- The Ministry expects that Estimates forms will be available on EFIS in mid-April, 2014.

More Background Material

- The Ministry will be posting the following documents on its website (<http://www.edu.gov.on.ca/eng/policyfunding/funding.html>):
 - *B04 memo – Grants for Student Needs Funding and Regulations for 2014-15*
 - *B05 memo – 2014-15 School Year Education Programs – Other (EPO) Funding*
 - *School Board Funding Projections for the 2014-15 School year*
 - *Technical Paper 2014-15*
 - *SB04 memo – Special Education Funding and Mental Health Leaders*
 - *Special Education Guidelines: Special Equipment Amount (SEA), 2014-15*
 - *Special Education Guidelines: Special Incidence Portion (SIP), 2014-15*
 - 2014-15 supporting regulations
 - BAAG Report
 - SBEM Consultations Summary

Conclusion

- The successful integration of FDK in the GSN as a core education program is an important GSN milestone. But, as always, there is more to be done.
- For example, we are just beginning our work on how we can make more efficient use of school space and how we can support other modernization measures.
- Our renewed commitment to consultation and collaboration with the sector on education funding matters will help ensure that meaningful gains are achieved in these areas in a way that is responsible and that that meets the needs of Ontario students.