

Delivering Excellence For All Ontario Students

INTRODUCTION

Once each year the provincial government makes a statement of its grants to the 72 school boards for the following school year through its “funding formula”. This occasion matters greatly to Ontario’s 2 million students because these grants are virtually the only source of funds boards have to pay for the staff and resources needed for schools.

This general language presentation is intended to provide the widest possible access to the education policy and funding decisions of the government for parents, students, education staff and members of the public alike.

HIGHLIGHTS OF CHANGES

TAKING RESPONSIBILITY FOR RESULTS

The Government proposes that the times require an extraordinary funding increase in key areas that are aligned with specific strategies for improved stability and student success.

STABILITY

- Multi-year guidelines and funding for staff salary and non-salary cost increases
- Guaranteed four-year base funding
- Four student needs grants for improvement – effective busing; fairer enrolment decline impact; cleaner, safer schools; and ‘good places to learn’
- Three students needs grants grow – teacher experience, new schools for growth, and administration and governance.

STUDENT SUCCESS

- Six student needs grants for improvement – better instruction (including smaller primary class sizes and improved teacher development), clear outcomes for students with special needs, reduced assimilation for francophone students, lowered barriers to language of instruction, closing learning gap, and keeping good schools open.
- Change from a “one-size-fits-all” approach to one that better reflects rural, urban, suburban, northern and francophone factors

‘EDUCATION INVESTMENT’ (funding beyond keeping up with regular cost increases) for both stability and student success will bring new investments to the levels recommended in the Rozanski Report by the 2005-06 school year.

TRANSPARENCY and **EFFECTIVENESS** for education funding at all levels – the province, school boards and schools.

Taking Responsibility for Results

“The goals of high program quality, high levels of student achievement, and continuous improvement in both will not be met, in my opinion, without a concomitantly high level of public investment. ... While financial support is not the only kind of support needed, it is important that it be adequate to the objectives school boards, teachers, and students are being asked to achieve.”
(Dr. Mordechai Rozanski, Report of the Education Equality Task Force, 2002)

The government has decided that now is the time to invest, not just with dollars but also with commitment to students in publicly funded education. The price of further delay is simply too high, both for individual students who need help now and for Ontario society, while the benefits from moving ahead are considerable.

The deficiencies from cuts and under-spending in education and their link to obtaining better results have been well documented. The evidence for this abounds: stalled student performance; rising dropout rates; crumbling school buildings; and lost services. The drain of public confidence is reflected in the 40 percent increase in private school enrolment in the past eight years.

A variety of reports have also identified the significant opportunity in the unrealized potential in Ontario education (e.g. *The Schools We Need*, Ontario Institute for Studies in Education, 2003). Three years ago, in March 2001, then Leader of the Official Opposition Dalton McGuinty committed to a detailed plan for student achievement later called “Excellence for All”, with a complete outlook released in September 2002.

The McGuinty government’s commitment to Ontario students JK to grade 12 is to help each one to realize their intellectual, emotional and physical potential. This means improving over the next few years both the basic components that affect all students and the specialized components that address individual student needs. Choices have to be carefully made about which of many competing needs can be met, how quickly and in what sequence.

This year’s funding improvements are being made to boards in two phases. A first is being made today covering 2/3 of improvements, while a second remaining 1/3 will be made in a few weeks to permit consultation with the sector that was not possible before budget decisions had been made.

Separate reports with more funding details will follow on our two key strategies, which cut across funding categories:

- **Literacy and Numeracy by age 12** (better reading, writing, math and comprehension); and,
- **Success for Students** in high school (lowering drop out rates)

Announcements have already been made or will shortly be made concerning:

- **Good Places to Learn** (renewing our school buildings);
- **Community Use of Schools** (after hours access by community groups); and,

Further strategies will be outlined in the future based on work underway or soon underway in areas such as:

- **Special Education;**
- **Pupil Accommodation (new and renewed school space);**
- **Safe Schools;**
- **Healthy Schools;**
- **Teacher Development;**
- **Arts in Education;**
- **The Role of the Principal; and**
- **Adult Education.**

ENVIRONMENT OF STABILITY AND RESPECT

The McGuinty government is striving for a new ethic for education in Ontario, based on a working partnership by the government with all those who receive or provide public education in the province.

One key element to our plan is a multi-year commitment of resources. This will alleviate constant uncertainty and allow a proper focus on long-term useful changes for meeting student needs.

Ontario students will benefit from a base increase of \$2.6 billion in additional funds over the course of the McGuinty government’s mandate. Funding will be channelled from two sources, the Grants for Student Needs allocated by the funding formula (\$2.3 billion consisting of the \$2.1 billion announced in the budget and certain improvements made in the current school year totalling \$227 million), as well as an additional \$250 million for targeted initiatives through School Support Funding.

As the table below indicates, total education funding from both sources will rise by over \$800 million this year alone and over \$1.6 billion over the next two years.

Table 1: Combined New Grants for Student Needs and School Support Funding

| School Year | 2003-04 (\$ million) | 2004-05 (\$ million) | 2005-06 (\$ million) |
|--|---------------------------------|---------------------------------|---------------------------------|
| Staff salary increase - 2% | | 236 | 240 |
| Keep up with costs - 2% | | 52 | 54 |
| New Education Investment For other Stability and Student SUCCESS (includes increases within and outside of the funding regulations) | 227 | 566 | 483 |
| TOTAL | 227 | 854 | 777 |
| <u>Cumulative Total Increase</u> | 227 | 1,081 | 1,858 |

**RESPECT FOR TEACHERS, EDUCATION WORKERS
AND OTHER STAFF**

\$236 million increase (2%)

We are supporting fair increases for teachers, education workers and other staff, including principals, directors and superintendents, to permit them to keep up and not lose ground in their compensation. The guideline for a 2 percent increase in each of the next two years is in keeping with the current and predicted rate of inflation. The Ministry will work with staff and boards to encourage them to enter into longer-term agreements to provide the greatest possible stability for students.

We are asking for a discipline on the part of staff in new contracts to refrain from potential salary catch-ups, in order to permit the much-needed extraordinary investment in hiring additional staff and improving learning conditions that is long overdue.

KEEP UP WITH COSTS

\$52 million increase (2%)

For the first time since the introduction of the funding formula in 1997, schools will receive funding to recognize all non-salary cost increases, as recommended by Dr. Rozanski. Textbooks (\$5M), computers (\$3M), supplies (\$8M), transportation (\$13M), utilities and maintenance materials (\$12M), construction costs (\$8M), administration (\$3M) are being increased to match the projected increase in the Consumer Price Index. This responds to a key Rozanski recommendation, sometimes referred to as “keep up” to maintain costs and allow boards to plan properly.

EDUCATION INVESTMENT

"I strongly endorse this view that our shrewdest and most profitable investment rests in the education of our people." (Honourable William G. Davis, March 3, 1966)

Education Investment is funding beyond that provided for basic cost increases. It has two closely linked goals – to support a platform for performance from increased stability and to provide specific resources for student success.

By the end of the 2005-06 year, new investment of \$1.9 billion will be realized, including those already made during the 2003-04 year in special education, English as a Second Language, and Learning Opportunities Grants.

One perspective on the total investment is that, when combined with spending by the previous government, this will exceed the total new investment recommended by the Rozanski Report. A detailed comparison of the Rozanski recommendations by grant category with new spending is in Appendix I showing that 80 percent of the level of Rozanski recommendations will be achieved by year-end

A more important view is that the following investments in both stability and student success are required if the public education system is to progress.

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| <p style="text-align: center;">Better Instruction Foundation Grant and Class Size Reduction</p> <p>This includes more teachers for smaller class sizes in the primary years. More details on the overall strategy for improved literacy and numeracy will be released separately. Significant additional funding to school boards for teachers, textbooks and training for teachers and principals in both primary and secondary is also being made through School Support Funding (see other investments below).</p> | <p style="text-align: center;">\$230 million increase</p> <p style="text-align: center;">includes 2% to Foundation Grant and \$90 million for class size reduction</p> |
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|--|--|
| <p style="text-align: center;">Clear Outcomes for Students with Special Needs Special Education Grant</p> <p>Significant problems have been experienced with the Intensive Support Amount (ISA) portion of funding for special needs. School boards and other education partners are being consulted in a short-term review of special education funding in the current school year, and on a transition to outcome based funding for 2004-05 and beyond.</p> | <p style="text-align: center;">\$162 million increase (10%)</p> <p style="text-align: center;">includes \$102M new investment to be allocated to boards</p> |
| <p style="text-align: center;">Francophone Student Excellence Language Grant – ALF</p> <p>This grant improvement is a serious start to offset special challenges for our francophone students. It recognizes a primary issue in assimilation, particularly in students’ transition from elementary to secondary schools. A consensus report for this and other measures was completed by partners in francophone education earlier this year.</p> | <p style="text-align: center;">\$30 million increase (201%)</p> |
| <p style="text-align: center;">Lowering Language Barriers Language Grant - English as A Second Language/PDF</p> <p>Too many students struggle, due to simple lack of support, to acquire the language of instruction. Funding will extend eligibility to students for four years of focused assistance from the current three years, which was provided for 53,000 students last year. There has been a significant drop in the last year in the enrolment of students with these barriers, but the need remains significant.</p> | <p style="text-align: center;">\$34 million increase (18%)</p> <p style="text-align: center;">\$17m 03-04 \$47m 04-05 (\$30m) 04-05 ESL enrolment decline</p> |

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| <p style="text-align: center;">Closing the Learning Gap Learning Opportunity Grant</p> <p>Knowing about student struggles through testing only makes sense if there is a corresponding response to help students do better. For example, 36 percent of Grade 3 students are at level 1 or 2 of achievement in reading. And 38 percent of Grade 6 students are at level 1 or 2 in writing, below the provincial standard. These funds are intended to meet both demographic (low income, recent immigration and single parent family) and academic challenges on the part of students. It will support student success in both primary and secondary schools through a range of proven interventions - special classes, remedial assistance, parenting and nutrition programs and a range of innovative approaches, particularly in reading and mathematics.</p> | <p style="text-align: center;">\$162 million increase (45%) ongoing enhancement for 03-04 plus \$65m in new investment in 04-05</p> |
| <p style="text-align: center;">Teacher Qualifications and Experience</p> <p>This grant increases according to the advance in the teachers increasing experience level and recognized qualifications.</p> | <p style="text-align: center;">\$35 million increase (6%)</p> |
| <p style="text-align: center;">Busing Effectiveness Transportation Grant</p> <p>For the first time since the beginning of completely centralized funding in 1997 there will be a rational approach to funding transportation for over 800,000 students. This is particularly important for excellence for rural and northern students given the high proportion of board spending on this need. In 2004-05, a new objective student transportation-funding model will be road tested on a transitional basis. Boards will receive cost increases of from 2 percent to 12 percent depending on how their transportation costs relate to the formula. Most boards will know that they stand to gain from further funding while others will receive early notice they have been over funded relative to other boards. Following feedback and discussion, full increases would be further phased in and reductions will commence to be phased in, where warranted, beginning in 2005-06.</p> | <p style="text-align: center;">\$33 million increase (5%)</p> <p style="text-align: center;">\$20M - new investment for increases to most boards</p> <p style="text-align: center;">\$13M - cost pressures in all boards</p> |

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| <p style="text-align: center;">Fairer Help for Enrolment Loss Declining Enrolment Adjustment</p> <p>As recommended by the Rozanski report, the Declining Enrolment Adjustment is being extended to provide a third year of funding and will continue to be available in future. This extension recognizes that, when a board experiences a decrease in enrolment and a corresponding decrease in funding, some costs cannot be adjusted immediately and additional time is required to bring spending into line with funding levels. The enhancement will benefit 38 school boards.</p> | <p style="text-align: center;">\$12 million increase (10%)</p> |
| <p style="text-align: center;">Administration and Governance</p> <p>The amount is increased to reflect increased board operations costs.</p> | <p style="text-align: center;">\$9 million increase (2%)</p> |
| <p style="text-align: center;">Cleaner, Safer Schools School Operations Grant</p> <p>A safe, well kept up learning environment and playgrounds are essential to the development of all 2 million students. We also want to make sure we can avoid in future the very heavy price that now has to be paid in terms of school repairs and renewal due to the neglect of recent years. A new component in this grant will recognize varying costs in different parts of the province. The facilities and school grounds should also be available for after hours use and a separate announcement is forthcoming on how funds will be applied in this regard.</p> | <p style="text-align: center;">\$118 million increase (8%)</p> <p style="text-align: center;">\$76m - new investment; remainder due to cost increases</p> |
| <p style="text-align: center;">Good Places To Learn School Renewal Grant</p> <p>As separately announced, a major new investment will be made in school infrastructure. A detailed evaluation of all school buildings and grounds indicates that \$8.6 billion of repairs will be needed over next five years to restore and keep them to good standards. This is equivalent to approximately 29% of the replacement cost of our existing schools. The grant increase will allow a very significant portion of the work associated with the \$2 Billion in funding to be completed in the 2005-06 school year. This is in addition to the \$1.5 billion in school renewal that can be completed within the next five years through existing annual funding. For 2004-05 a special one-time renewal fund will help with energy conservation efforts and related upgrades.</p> | <p style="text-align: center;">\$2.1 billion new spending supported by \$200M increase in 05-06 (63%)</p> <p style="text-align: center;">\$31M increase in 04-05 (11%) \$25M - one-time new investment; remainder due to cost increases</p> |

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| <p style="text-align: center;">New Buildings for Growth New Pupil Places Grant</p> <p>The pupil accommodation grant is increased for growth in some areas and the effects of previous space consolidations and closures in others.</p> | <p style="text-align: center;">\$45 million increase (12%)</p> |
| <p style="text-align: center;">Keeping Good Schools Open (To be allocated)</p> <p>Small schools are often threatened with closure even though their students are achieving success and these schools are important community hubs. We will work with our education partners to keep good schools open. The previous government's Rural Education Strategy went through a very rushed implementation, did not effectively support the majority of rural schools and will be reviewed. The goal of this \$31 million investment is to strengthen single-school rural communities by providing additional supports for the operating costs of small schools, particularly staff including principals, teachers, secretaries and support workers. We will also remove artificial incentives in the funding formula that target small schools. The funding provided to urban areas through the Learning Opportunities Grant is intended to be eligible to assist good, small schools to stay open in those locales.</p> | <p style="text-align: center;">\$31 million new</p> |
| <p style="text-align: center;">Other Investments in Student Success Literacy and Numeracy and Student Success</p> <p>School Support Funding is a set of targeted initiatives that fund school board teacher development, texts, information technology and other resources required to implement our Literacy and Numeracy and Student Success strategies. Announcements regarding these investments will be made separately.</p> | <p style="text-align: center;">\$153 million new</p> |

Table 2: Summary of Funding¹

| Grant | Category | 2003-04 Projection (\$ million) | 2004-05 Projection (\$ million) | Difference (\$ million) | %Change |
|--|-----------|---------------------------------------|---------------------------------------|----------------------------|-----------|
| Foundation | Both | 8,108 | 8,248 | 140 | 2% |
| Class Size | Success | - | 90 | 90 | - |
| Special Education | Success | 1,702 | 1,864 | 162 | 10% |
| Language | Success | 459 | 530 | 71 | 16% |
| Geographic | Stability | 235 | 238 | 3 | 1% |
| Learning Opportunities | Success | 358 | 521 | 162 | 45% |
| Continuing Education & Other | Stability | 156 | 157 | 1 | <1% |
| Teacher Qualifications | Success | 628 | 663 | 35 | 6% |
| Early Learning | Success | 12 | 7 | -4 | -38% |
| Transportation | Stability | 652 | 685 | 33 | 5% |
| Declining Enrolment | Stability | 119 | 131 | 12 | 10% |
| Admin and Governance | Stability | 464 | 473 | 9 | 2% |
| School Operations | Stability | 1,455 | 1,573 | 118 | 8% |
| School Authorities | Both | 43 | 46 | 3 | 6% |
| <i>Unallocated</i> | | 13 | 42 | 29 | 230% |
| Operating Total | | 14,403 | 15,268 | 865 | 6% |
| School Renewal | Stability | 290 | 321 | 31 | 11% |
| New Pupil Places | Stability | 378 | 424 | 45 | 12% |
| Prior Capital | | 301 | 241 | -59 | -20% |
| OMERS | | -45 | 0 | 45 | -100% |
| Capital Total | | 923 | 986 | 63 | 7% |
| TOTAL (\$ million) | | 15,326 | 16,254 | 928 | 6% |
| Students (# - includes school authorities) | | 1,958,811 | 1,952,330 | -6,481 | -0.3% |
| Per student (\$) | | \$7,824.00 | \$8,325.00 | 501 | 6% |

¹ This table is intended to give as complete a picture as possible of school funding for 2004/05. As such, it includes funding that has been allocated to school boards and funding that will be allocated following consultation with the education sector (numbers may not add due to rounding).

TRANSPARENCY AND EFFECTIVENESS

Some of the biggest improvements to the education funding formula require no funds; making it widely understandable and working to ensure it is effective for the purposes described.

Transparency is essential to ensure that decisions made by the province, school boards and schools can have the confidence of parents, students and the public. Competing demands for guaranteed spending in a given area and flexibility for local decision-making can only be reconciled if there is easy access to the implications of the decisions at a local level, minimizing the requirements for process micro-management by the province.

Education has an even greater responsibility to ensure that funds it receives are effective at a time of funding increases. This means a focus on outcomes that are obtained for the relative expenditure that is made. Two areas that are being acted on this year are student transportation and meeting the intensive support requirements of special needs students.

The Ministry of Education will be undertaking collaborative initiatives for greater transparency and effectiveness in the year ahead and will be improving the public's access to information and its understanding of public education decisions.

Your feedback is welcome and solicited. It should be directed to:

Gerard Kennedy, Minister of Education, 900 Bay Street, Toronto, ON, M7A 1L2
minister@edu.gov.on.ca

| Benchmark Updates and New Investments | Rozanski | Gov't Response** |
|--|-------------------------|-------------------------|
| | Recommendations* | |
| <i>Foundation Grant</i> | 477 | 22 |
| <i>Special Education</i> | 357 | 373 |
| <i>Language</i> | 90 | 94 |
| <i>Geographic Circumstances</i> | 63 | 101 |
| <i>Learning Opportunities</i> | 69 | 210 |
| <i>Continuing Education</i> | 8 | 0 |
| <i>Teacher Qualifications and Experience</i> | 30 | 0 |
| <i>Early Learning</i> | 1 | 0 |
| <i>Transportation</i> | 80 | 60 |
| <i>Declining Enrolment</i> | 5 | 10 |
| <i>School Board Administration and Governance</i> | 40 | 0 |
| <i>Pupil Accommodation - School Operations</i> | 165 | 76 |
| <i>Pupil Accommodation - School Renewal & Deferred Maintenance</i> | 275 | 238 |
| <i>New Pupil Places</i> | 39 | 0 |
| <i>Other Investments (Student Success, texts, staff development, Class Size)</i> | 0 | 204.3 |
| TOTALS | 1,699 | 1,388 |

82%

*Source is Appendix I, p. 97, Education Equality Task Force, (Rozanski report)
 Figures in this column represent Rozanski's benchmark cost update to Aug 31/02
 (2nd column on page 97) added to Proposed New Investments (3rd column on page 97)

**Gov't Response figures represent new investments implemented or announced -
 establishing a higher base grant that for some grants, exceeds Rozanski's
 recommendations