

4. Issues and Recommendations

Introductory Comments

My recommendations, which are set out in this chapter and listed as a group in Chapter 5, are based on my view of the roles and responsibilities of the partners in the education sector and the guiding principles outlined in Chapter 3, as well as on my research and consultation process. I believe that my recommendations respond directly to the mandate I was given – they are aimed at improving equity, fairness, certainty, and stability in the funding of public education in Ontario. Most important, I believe that, if implemented, they will help advance the goal of continuous improvement in student learning and achievement.

Many of those who participated in my consultations, particularly those who attended the roundtable discussions and my meetings with representatives of stakeholder associations, expressed the view that the student-focused funding formula is sound as a concept, if not fully realized in practice, and that it is definitely more reasonable and equitable than the grants-and-property-tax-based system it replaced. I heard general support for the goals of the three main components of the formula's structure:

- the Foundation Grant, which is intended to fund education needs common to all Ontario students
- the Special Purpose Grants, which recognize that particular students and particular districts may have distinct, additional funding needs that are not common to all students and districts
- the Pupil Accommodation Grant, which is intended to fund student accommodation needs

In my research, I found that this type of formula, where a basic grant that provides a common level of service is combined with specific grants that address particular student needs and district costs, is used in several other jurisdictions, including British Columbia and Alberta.

At the same time, almost everyone I heard from said that the amount of funding allocated to education in Ontario is inadequate. That is, for virtually all school board and school stakeholders, *adequacy* of funding is the issue, more than the structure of the formula itself, although stakeholders did express concern about the structure as well. I address these concerns throughout this chapter.

Many presenters also expressed concern about the absence of both an annual process for reviewing and updating the formula to reflect increased costs and a regular, more comprehensive process for reviewing the formula to evaluate how well it is working and whether it continues to meet the Province's objectives for it.

I often asked those who raised the issue of adequacy, “How much is enough?” No one suggested that the amount should be limitless. Many maintained, however, that we cannot afford *not* to make an adequate investment in education. To my mind, the word “investment” is key. The answer is not to just throw money at education; it’s to make strategic investments in the goal of continuous improvement.

I agree that the disparity between the benchmark costs in the funding formula, which for the most part are based on 1997 board costs, and the actual costs facing boards today is a problem. I believe that, within the limits of the Province’s fiscal resources, the education allocation must keep up with both enrolment changes and recognized cost pressures. My recommendations, therefore, focus to a large extent on ensuring that funding is maintained at a level that will allow boards to meet the Province’s education objectives and on conducting regular reviews to update the benchmark costs in the formula. I also recommend several new investments, address issues related to some aspects of the formula’s structure, and recommend modifications to some specific grant components.

I am most appreciative of all of the comments and advice I received from stakeholders and community members associated with school boards throughout the province – urban, rural, and northern; large and small, public and Catholic, English- and French-language. I have not, however, been able to make a recommendation on every issue or concern presented to me during the consultations, as worthy of attention as they are. Some are simply beyond the scope of my mandate. Others did not directly relate to funding issues. Still others, when I examined them more closely, appear to be at their core issues that could be managed locally if adequate funding were available. I believe that my recommendations concerning adequacy of funding and new investments, if implemented, will resolve many of these issues.

I emphasize, however, that all of the comments and advice I received have helped inform my recommendations.

Unless otherwise noted, my recommendations are for measures that, if implemented, would begin to take effect in the 2003–04 school year as part of a multi-year funding plan. By “multi-year funding plan,” I mean over three years. The government may wish to fully implement some measures earlier.

However, I am making three recommendations that apply to the current school year, 2002–03. These three recommendations are for:

- an allocation of funds for boards’ current round of collective bargaining with their teaching and support staff
- funding under the Special Education Grant for approved Intensive Support Amount (ISA) claims that boards submitted to the Ministry of Education through to the end of the third cycle of the ministry’s review of ISA funding
- funding for the immediate cost pressures boards face related to student transportation

These three recommendations reflect the priorities that I discerned through my consultations and subsequent analysis of the issues. I believe that if these recommendations are implemented in the 2002–03 school year they will foster stability in the education sector.

Benchmarks

School board trustees and administrators told me that inadequate funding has compromised their ability to allocate appropriate funding to important programs and services. They said that, to honour the contracts they have negotiated with their teachers and support staff, they have had to reduce their allocations to other areas such as school operations, professional and para-professional services, and school libraries. I was told that, with a few exceptions, the benchmark factors and costs in the funding formula have not been updated since the formula went into effect in 1998 and that, where updates and investments in new initiatives have occurred, they have not matched actual cost increases. Presenters maintained that the benchmarks need to be updated to reflect actual costs. They also suggested that a multi-year approach to funding education would provide them with relative stability and an element of predictability in planning. I note that a multi-year approach would also provide the Province with an element of predictability in its own planning.

With one exception, every grant in the formula is calculated in part on the basis of benchmark costs.⁹ Benchmark costs affect the amount of funding boards receive to cover their costs in the areas of salaries and benefits for administrators, teachers, and support staff; learning resources such as textbooks, classroom supplies, computers, and related administrative costs; school operations, including heating, lighting, maintenance, cleaning, and insurance; and construction, including renovations and major repairs (“school renewal”) and additions or new buildings (“new pupil places”).

I recommend that:

1. the Ministry of Education update the benchmark costs for all components of the funding formula (the Foundation Grant, the Special Purpose Grants, and the Pupil Accommodation Grant) to reflect costs through August 2003, and that funding that reflects these updated benchmark costs be phased in over three years, starting in 2003–04, as part of a multi-year funding plan

I estimate that the updated benchmark costs covering costs through August 2003 will total \$1.08 billion, excluding the additional cost of updating salaries and benefits in 2002–03 (see recommendation 2). The \$1.08 billion estimate comprises updates of benchmark costs to August 2002 (\$1.01 billion) plus updates of non-salary-and-benefit costs to 2003 (\$70 million). The estimated \$1.08 billion should be phased in over three years, starting in 2003–04, as part of a multi-year funding plan.

Appendix H outlines the approach I used in estimating the cost of updating the benchmarks. It notes that the base year for my updates is 1998, the year the current funding formula came into effect, with three exceptions where the Ministry of Education has added funding since 1998 and prior to 2002–03. See Appendix H for more details. Appendix I contains a table (Table I.1) that shows the estimated cost of updates by grant and grant component. Appendix J contains four tables.

Table J.1 and J.2 show the estimated cost of updates by individual benchmark (Table J.1 is a summary; Table J.2 offers more detail). Tables J.3 and J.4 respectively provide detailed calculations for the update to the Transportation Grant and the update to the School Operations Allocation of the Pupil Accommodation Grant.

I point out that some of the updates to benchmark costs in the Foundation Grant will have a ripple effect. For example, updating benchmark costs for classroom supplies will affect not only the Foundation Grant, which provides a basic per pupil allocation for classroom supplies, but also certain Special Purpose Grants that, for eligible boards, supplement the basic per pupil allocation with additional funds.

In August 2002, many boards entered into a new round of collective bargaining with their teaching and support staff. The amount of additional salary and benefits costs and their effect on boards' current-year (2002–03) budgets will of course not be known until the negotiations are complete, but to foster stability in the education sector, I am recommending that the ministry allocate funds to school boards in the current fiscal year for their current negotiations.

I recommend that:

2. to foster stability in the education sector, the Ministry of Education allocate funds to school boards in the current school year (2002–03) for the current round of collective bargaining with teaching and support staff

I acknowledge that the costs involved in recommendations 1 and 2 are substantial. However, my guiding principles of adequacy and accountability, outlined in Chapter 3, compel me to recommend that the government provide an adequate amount of funding, within the bounds of the fiscal resources available to it, for the high level of academic achievement it expects.

If, as I said at the beginning of this report, the funding formula is an instrument for achieving the policy goal of continuous improvement in student learning and achievement, and if we want to ensure that a high level of achievement is sustained, the formula needs to be reviewed and updated on a regular basis. Only in this way will it continue to be an effective tool. Regular reviews should investigate whether the formula is meeting current needs, including special needs such as those related to geographic circumstances, readiness to learn, special education, and French-language education. I also believe that, as part of the review process, boards should demonstrate in a transparent way that they are spending the funds for the purposes for which they were intended.

I recommend that:

3. the Ministry of Education, in consultation with school boards and other members of the education community, develop mechanisms for annually reviewing and updating benchmarks in the funding formula and for conducting a more comprehensive overall review of the funding formula every five years

While I am not recommending a specific review process, I suggest that the process involve the establishment of a co-ordinating committee, which would include stakeholder representatives and report to the Minister of Education, and subcommittees, which would also include stakeholder representatives and which would review benchmark factors and costs in individual grants and report to the co-ordinating committee. The co-ordinating committee and subcommittees could conduct both the annual review and the five-year review. The five-year review could consider structural changes to the funding formula and the impact of long-term changes in circumstances. Among the issues that could be considered are the effective and efficient use of resources by boards, accountability mechanisms, and the projections that indicate province-wide declines in enrolment over the coming years. Implicit in recommendation 3 above is the need for a multi-year funding model to provide relative stability and an element of predictability that would help both school boards and the government plan effectively.

Effectiveness of the Formula for Distributing Funds among Boards

Many of those who made presentations and submitted briefs expressed concern about the effectiveness of the formula for distributing funds among boards. I heard from northern boards that the formula does not sufficiently recognize the higher costs associated with the geography of their districts, such as the long distances students have to travel to get to school and the difficulties experienced by boards and schools in remote areas in obtaining the resources they need. French-language boards mentioned similar issues, as well as the higher costs of French-language curriculum and other learning materials and the difficulty of securing francophone specialists for programs and services, particularly in the area of special education. From the urban boards, I heard about the challenges associated with educating recent immigrants, students with special needs, and students at high risk of academic failure or dropout. Finally, several boards throughout the province described the challenge of meeting the needs of Aboriginal students.

As I noted earlier, the Ministry of Education, through the Special Purpose Grants, recognizes that one size does not fit all when it comes to education in Ontario. Special Purpose Grants were designed to address the different needs among students and among different parts of the province. Because these grants are generally well designed and supported by the education community, I believe that the recommendations I have made about updating the benchmark costs, if implemented, will go a long way towards redressing some of the problems identified above.

I deal later in this chapter with school renewal, special education, student transportation, and some other issues, but here I want to discuss four specific issues that I believe need to be addressed to improve the effectiveness of the formula for distributing funds. The first involves readiness-to-learn programs for students experiencing difficulties in school. The second is the higher costs incurred by French-language boards. The third is the sustainability of small schools that

serve unique needs in their communities. The fourth is declining enrolment. Special Purpose Grants now address these issues to some extent but, in my opinion, they do not address them fully enough. In some cases, I am recommending new strategic investments in existing grants; in other cases, I am recommending changes to the grant allocation; in one case, I am recommending a new grant.

Readiness to Learn

An important part of achieving continuous improvement in student learning and achievement is reducing the gap between high and low performers while maintaining high standards.¹⁰

An extensive literature documents the link between socio-economic disadvantage and poor results in school, as well as the success of appropriate preventive and remedial interventions in preparing children to learn, particularly in their early years.¹¹

Studies have shown that one of the best predictors of a child's success in school is "readiness to learn" as he or she starts school. In *The Early Years Study*, the Honourable Margaret Norrie McCain and J. Fraser Mustard stress the important role that can be played by family and child development services in helping preschool children overcome early disadvantages.¹² Investments in early learning bring significant paybacks. According to James Heckman, a University of Chicago economist and winner of the Nobel Prize in economics, "Investing in the very young is the most economically efficient investment society can make."¹³ Investments in learning readiness can prevent problems from arising later in school and can thus reduce the need for remedial programs in the future.

McCain and Mustard and others also suggest that children may require interventions from sources other than schools – for example, community and social services, health professionals and health agencies, recreational services, community police, and correctional and custodial services. In other words, education interventions are not the only ones needed. Other service providers, including other provincial ministries (not just the Ministry of Education), other levels of government (federal and municipal), and community groups should also be involved and should contribute to the costs of delivering the services involved, although the local community school may be the best location for delivering these services.

Although early intervention is critical to improving a young child's chances of success in school, effective readiness-to-learn programs are needed for all students at risk of experiencing difficulties in school, whether they are preschool, school-age, or about to make the transition from school to postsecondary education or work.

The present funding formula contains three Special Purpose Grants that school boards can use, in addition to the Foundation Grant, for readiness-to-learn programs and services: the Learning Opportunities Grant, the Language Grant, and the Early Learning Grant.

With each of these grants and grant components, boards have the flexibility to spend the funds on the programs and services they believe will help students achieve the greatest degree of success. Some boards, for example, have chosen to offer full-time Junior Kindergarten while others prefer to offer special literacy programs for preschoolers. This flexibility is important because it allows boards to determine what works best for their students.

In this report, I will be recommending a new investment in the Learning Opportunities Grant as well as a change in the structure of the Foundation Grant's Local Priorities Amount. If implemented, both of these recommendations will give boards additional flexibility to dedicate funds to support readiness-to-learn/at-risk programs and services.

While the existing grants can be used effectively by boards for readiness-to-learn programs for students at risk at all three stages – preschool, in-school, and the school-to-work/postsecondary education transition phase – they need to be looked at under the lens of readiness to learn. It may be that by viewing them this way the Ministry of Education and school boards will determine that to serve at-risk students best some grants should be merged or new grants added to ensure that all stages are adequately covered.

I recommend that:

4. the Ministry of Education, in consultation with school boards, other members of the education community, and other appropriate stakeholders, review and consider grouping all of the Special Purpose Grants in the funding formula that have a focus on readiness to learn for preschool children, in-school students, and youth making the transition from school to work/postsecondary education, with the goal of ensuring that these Special Purpose Grants are designed to meet the needs of at-risk children and youth effectively

Many presentations to and submissions received by the task force claimed that the Learning Opportunities Grant, the Language Grant, and the Early Learning Grant are inadequately funded. I estimate that the updates to benchmark costs recommended earlier in this chapter, if implemented, will generate an increase of approximately \$45 million for these three grants combined.¹⁴ (See Appendix I, Table I.1.) Although I believe that the issue of adequacy will be addressed to a large extent through the recommended updates, some specific funding issues were raised that need to be considered further.

Learning Opportunities Grant

The Learning Opportunities Grant (LOG) provides boards with funds to assist students at risk of experiencing difficulties in school. The LOG consists of three components:

- Demographic Component
- Early Literacy Component
- Literacy and Math for Grades 7 to 10 Component

Issues that were raised with me with respect to the LOG primarily addressed the Demographic Component of the grant. This component provides funding to school boards on the basis of social and economic indicators that have been associated with students experiencing a higher risk of difficulties in school. Boards have the discretion to use these funds to offer a wide range of programs to improve the level of achievement of these students. They can use these funds, for example, for additional educational assistants and counsellors, literacy and numeracy programs, smaller class sizes, expanded Kindergarten programs, before- and after-school programs, recreational and sports activities, nutrition programs, excursions, parenting classes, and home/school linkages.

In 1997, an Expert Panel on the Learning Opportunities Grant, appointed by the Ministry of Education and Training, recommended that the ministry collect data for at-risk programs from a representative sample of school boards that offer effective programs and practices for students at risk, and that it use this data to determine the appropriate funding magnitude for the LOG.¹⁵ I support their recommendation.

I recommend that:

5. the Ministry of Education determine the appropriate funding magnitude of the Demographic Component of the Learning Opportunities Grant by collecting and analysing data on programs and services for students at risk from a representative sample of school boards that offer effective programs and services of this nature

Until this information is available, there is no objective basis for me to make a recommendation on the magnitude of the LOG. I believe, however, that programs and services for students at risk are so important in reducing the gap between high and low performers that the ministry should put an additional \$50 million into readiness-to-learn programs even before the results of the cost analysis are complete. I am recommending that these funds be added to the LOG as an interim measure, until the appropriate data has been collected and analysed (as per recommendation 5), and that these additional funds, like the existing LOG funds, be made available to boards to use for the programs and services they believe will improve their at-risk students' readiness to learn.

I recommend that:

6. as an interim measure, pending the collection and analysis of the data on programs and services for students at risk described in recommendation 5, the Ministry of Education invest an additional \$50 million in the Demographic Component of the Learning Opportunities Grant, using the current allocation model based on the 1996 census

The ministry uses two methods to determine boards' allocation for the Demographic Component of the LOG. For most of the allocation, the ministry uses 1991 census data to look at the socio-economic characteristics of each school board's catchment area. For the rest of the allocation, the ministry uses a new

student-focused method that is based on recommendations made by a stakeholder working group in the fall of 2001. Under this new method, the ministry uses 1996 census data to look at the socio-economic characteristics of the neighbourhoods in which students of each school live.

Although, for the most part, the new allocation method focuses more accurately on at-risk students, I understand that it may need further refinement. I believe that the overall allocation method for this component of the LOG should be reviewed to ensure that it is an accurate and appropriate model for predicting students at risk, and that 2001 census data should be used as the basis for determining allocations under this component.

I recommend that:

7. the Ministry of Education review the current allocation models for the Demographic Component of the Learning Opportunities Grant to ensure that the distribution of funds to school boards under this grant is fair and equitable, and further, that the ministry update the socio-economic factors in the formula using 2001 census data

At present, boards are required to use the Literacy and Math for Grades 7 to 10 Component of the LOG for after-school and summer programs. I was told that many boards are not making full use of the funds available through this component because of these restrictions. To ensure that Grades 7 to 10 students who need remedial literacy and math programs are offered the assistance they need, I believe that the ministry, beginning in 2003–04, should reallocate the unused portion of this component to the LOG for programs and services that will serve the remediation needs of these students. As part of their accountability, boards should be required to report on how the funds have been used for this purpose.

I recommend that:

8. beginning in 2003–04, the Ministry of Education reallocate the unused portion of the Grades 7 to 10 Component of the Learning Opportunities Grant (LOG) to the LOG for programs and services for students who need remedial literacy and math programs, and further, that the ministry require school boards, as part of their accountability, to report on how the funds have been used for this purpose

Finally, while it is important that school boards be given the flexibility to use the LOG funds as they determine is best for their students, I believe that boards have a responsibility to report publicly both on how these funds are being used to reduce the gap between high and low performers while maintaining high standards and on the results achieved from the expenditure of these funds.

I recommend that:

9. the Ministry of Education require school boards that receive funds through the Learning Opportunities Grant to report publicly on how the expenditure of these funds is contributing to continuous improvement in student achievement and to the reduction of the performance gap between high and low achievers in their schools while maintaining high standards

Language Grant

One significant at-risk student population is students for whom the language of instruction (English or French) is a second language. Many of the presentations made by members of the public and by stakeholder organizations suggested that many of these students are not adequately prepared for school even in their first language.

The Language Grant comprises two components, which provide language funding for recent immigrants and for Canadian-born students who lack proficiency in the language of instruction: English as a Second Language/English Skills Development (ESL/ESD) for students in the English-language system and *Actualisation linguistique en français/Perfectionnement du français (ALF/PDF)* for students in the French-language system. The “recent immigrant” sections of the formula for allocating ESL/ESD and PDF take into account three years of data. In both cases, the level of per pupil funding declines with each successive year. The formula does not prescribe how boards should spend these funds or over how long a period they may spend them.¹⁶

The perception among stakeholders, however, is quite different. I heard from many stakeholders that the funds can only be used for three years.

Presenters told the task force that successful language training requires five to seven years. My research revealed that the ESL grant in British Columbia recognizes the additional cost of providing language instruction for a maximum of five years. I estimate that the updates to benchmark costs recommended earlier in this chapter, if implemented, will increase the Language Grant by \$25 million.¹⁷ (See Appendix I, Table I.1.) However, I believe that even this increase is insufficient to permit boards to provide the students who need to master the language of instruction with the training they require.

I recommend that:

10. the Ministry of Education increase the funds allocated under the Language Grant to reflect five years of language training for English as a Second Language/English Skills Development and for *Perfectionnement du français*

I estimate that the increase to the Language Grant for English as a Second Language/English Skills Development and Perfectionnement du français to reflect five years of language training will cost \$65 million.

On a related point, many presenters appeared to believe that Canadian-born students who lack proficiency in the language of instruction are not eligible for ESL/ESD and ALF/PDF funds or accounted for in the formula, although they are.¹⁸ I believe that the real problem is that the formula does not provide adequate funding to meet the needs boards experience in this area. My recommendations 1, 2, and 10, if implemented, will increase the funding available through the Language Grant, and therefore should improve boards' resources in this area.

Needs of Aboriginal Students

The federal Royal Commission on Aboriginal Peoples addressed issues related to Aboriginal education and concluded the following:

For more than 25 years, Aboriginal people have been articulating their goals for Aboriginal education. They want education to prepare them to participate fully in the economic life of their communities and in Canadian society. But this is only part of their vision. Presenters told us that education must develop children and youth as Aboriginal citizens, linguistically and culturally competent to assume the responsibilities of their nations. Youth that emerge from school must be grounded in a strong, positive Aboriginal identity. Consistent with Aboriginal traditions, education must develop the whole child, intellectually, spiritually, emotionally and physically.¹⁹

Responsibility for Aboriginal people lies primarily with the federal government, which provides Native bands with funding for, among other things, education. When Aboriginal students who live on reserves attend schools of a local school board, their bands make tuition agreements with the boards, using funds from the federal government, to pay for the education of the students involved. Tuition agreements provide the same amount of money per pupil for a board as the ministry's funding formula provides for the board's resident students.

I heard, in presentations and submissions to the task force by representatives of the Chiefs of Ontario and others, that Aboriginal students in many areas of Ontario, but particularly in the northwest, are achieving results in the Education Quality and Accountability Office's literacy and numeracy tests for Grades 3, 6, and 10 students at a rate well below that of the general student population. I also heard that the graduation rate of Aboriginal students is very low and that it is expected to be even lower now that the Ontario Secondary School Literacy Test (the Grade 10 literacy test) has been introduced. A further concern was expressed about Aboriginal students who arrive at school inadequately prepared to learn, particularly with respect to their skills in the language of instruction.

Because of the federal government's responsibility for Aboriginal people, I believe that it must assume a greater level of funding responsibility for Aboriginal students' readiness to learn when they make the transition from often remote reserves, where they may not have been speaking the language of instruction, to the urban centres where the schools are located. My discussion of the needs of Aboriginal students attending Ontario's publicly funded schools, however, focuses on provisions in Ontario's current education funding formula for boards' needs with respect to Aboriginal students.

Aboriginal status is one of the socio-economic indicators used to calculate the size of the at-risk student population for purposes of the LOG. The indicator is the percentage of persons who, in the census, gave “Aboriginal” as their sole ethnic origin. In view of what I have learned about the level of achievement of Aboriginal students in Ontario’s schools, I am concerned that the present LOG may not be providing boards with sufficient funds to meet the needs of these students.

At the Forum on Aboriginal Student Achievement convened by the Ministry of Education in Thunder Bay in October 2002, the Northern Ontario Education Leaders (NOEL) made several recommendations that apply to the Ontario education sector. I urge the Ministry of Education to review, analyse, and consider implementing the recommendations that came out of that forum.

I understand, from comments made by NOEL at the forum in October 2002 and from additional research, that other provinces have introduced special grants for Aboriginal students. In British Columbia, for example, school districts receive a supplement of \$950 (2002–03) for each Aboriginal “full-time equivalent” student. This targeted grant requires school districts to spend this money on Aboriginal education with a view to improving this at-risk group’s level of achievement. While there is insufficient data to determine the magnitude of the funding needed to meet the education needs of Aboriginal students in Ontario’s publicly funded school systems, and such a needs assessment is a necessary first step, I am nevertheless recommending, as a priority, that once this data has been gathered, the Ministry of Education implement a grant targeted at the educational needs of Aboriginal students who are not living on reserves.

I recommend that:

11. the Ministry of Education obtain accurate data to establish the extent of school boards’ needs related to the provincial role in the education of Aboriginal students and, on the basis of this data, implement a new grant targeted at the educational needs of Aboriginal students who are not living on reserves, and further, that the ministry require boards that are eligible for this grant to spend it on programs and services for Aboriginal students and to publicly account both for the expenditures and the results achieved
12. the Province work with Aboriginal leaders and the federal government to ensure that there is an integrated approach to and adequate funding for the education of Aboriginal students

Integrated Services for Children

At the beginning of this “Readiness to Learn” section, I discussed some of the research that indicates that preschool children, in-school students who are experiencing academic difficulties, and students preparing to make the transition from secondary school to the workplace or postsecondary education may require interventions from a variety of service providers to improve their readiness to learn and their chances for success in school and later in life.

In 1997, the Expert Panel on the Learning Opportunities Grant, in its report to the Minister of Education and Training, noted that at-risk students often have multi-dimensional problems that require multidisciplinary solutions.²⁰ These students come to school with a variety of health care and social service needs. Schools are increasingly under pressure to provide services, such as speech therapy or occupational therapy, that respond to these needs, even though these services may properly be the responsibility of the federal government, provincial ministries other than the Ministry of Education, municipalities, or community organizations, or a combination of these entities.

Several provincial ministries and municipal agencies do focus on and provide services to families of at-risk students, but these services are not usually offered in a co-ordinated fashion. Children who require services from two or more government or non-government organizations often encounter gaps or duplication in service, which is frustrating for both the children and their parents. In my opinion, schools, community and social services, health professionals and agencies, recreational services, community police, and correctional and custodial services – and the federal, provincial, and municipal government ministries and agencies responsible for them – must collaborate in providing and in funding these services.

Integrated services would go a long way towards helping schools meet students' needs in all of the readiness-to-learn areas I have discussed in this section of the report, as well as special education needs.

The Ministry of Education, through its Special Education Project and in collaboration with the Ministry of Health and Long-Term Care and the Ministry of Community, Family and Children's Services, is analysing service co-ordination issues and developing policy recommendations. To ensure that the policy recommendations reflect the views of all ministries and stakeholders involved in and concerned about special education issues, the project created an umbrella group, the Co-ordinated Services Advisory Committee. I applaud this initiative.

At the same time, I believe that a more wide-ranging and higher-level initiative is required to co-ordinate services, and the funding of services, for at-risk children and youth. I am therefore recommending a Cabinet-level advisory council to encourage collaboration and co-ordination of such services and funding. Although I believe that the funding mechanisms need to be aligned, I recognize that ultimately the taxpayer pays for these services, regardless of which ministry provides them.

I recommend that:

13. the government establish a Cabinet-level advisory council on integrated services for children and families, composed of representatives from the Ministries of Community, Family, and Children's Services, Education, Health and Long-Term Care, Public Safety and Security, and Tourism and Recreation, to meet on a regular basis to align the work and the funding mechanisms of the ministries that serve families, children, and youth

Needs of French-Language Boards

The brief submitted to the task force by the 12 French-language boards, together with the Association des conseillères et des conseillers des écoles publiques de l'Ontario and the Association franco-ontarienne des conseils scolaires catholiques, pointed out that the costs incurred by French-language boards are significantly higher than those of English-language boards. They highlighted three reasons for the higher costs.

First, French-language boards have facilities, enrolments, and average school sizes that are smaller than those of English-language boards. As a result, French-language boards generally cannot benefit from economies of scale in the same way that English-language boards do. Second, French-language boards operate over vast territories. The distances between schools and board offices make it difficult to share resources and require more travel, both of which increase costs. Third, material resources, specialized human resources, and community support in the French language are extremely difficult to obtain and often non-existent in the communities served by French-language boards. This lack of resources and supports leads to additional costs as French-language boards try to offer programs and services comparable to those offered by their English-language coterminous boards. It also makes it difficult for them to maintain the French-language learning environment and cultural values they are striving to provide for their students.²¹

Grants in the funding formula address many of the concerns expressed by the French-language boards, and I believe that my recommendations will also do so. For example, increased grants for small schools and for transportation, which I recommend later in this chapter, if implemented, will be of particular benefit to French-language boards because of their size and the distances travelled by their students. My recommended updates of benchmark costs and a recommendation I make later in this chapter related to the Local Priorities Amount, if implemented, will increase funds for all boards. Notwithstanding these recommendations, I believe that the Ministry of Education should review and amend as necessary all components of the funding formula to ensure that each of the grants recognizes the higher costs experienced by French-language boards.

I recommend that:

14. the Ministry of Education review the brief submitted to the task force by the 12 French-language school boards, together with the Association des conseillères et des conseillers des écoles publiques de l'Ontario and the Association franco-ontarienne des conseils scolaires catholiques and amend the funding formula as appropriate to ensure that each of the grants in the formula recognizes the higher costs experienced by French-language boards in delivering education programs and services

Small Schools

I heard many presentations and received many submissions from parents, school councils, trustees, boards, MPPs, and municipal representatives emphasizing the importance of sustaining small schools in their communities. I found the arguments for keeping small schools open most compelling when the school involved was the only school a board had in the community. Where these schools face the prospect of closing, people want to find some way to keep them open. Where a decision has been made to keep these schools open, people are concerned that the funding formula limits the ability of boards to obtain the core-staffing support these schools need to offer a high-quality education and a safe learning environment to their students.

Usually, small schools are candidates for closure because their enrolment is small in relation to the capacity of the building. In addition, the school's enrolment may be so low that it falls below the benchmark factors in the funding formula. These benchmark factors require that a certain board-wide average school size be met before sufficient funding is generated to maintain a school building and to provide the core staff, programs, and services needed to create a high-quality and safe learning environment in that school.²²

In general, a decision to close a small school and move the students to another school or to "consolidate" two or more small schools represents responsible management on the part of school boards. In most instances, consolidation provides students with a greater concentration of learning resources and educational opportunities in one location. However, consolidation of schools in rural, northern, and French-language boards may significantly increase students' school-bus travelling time, adversely affecting the overall educational experience of the students involved, and result in the closing of a building that has been a hub for community activities.

Distance and travelling time are important criteria to consider in determining whether to close a small school or keep it open. Other key criteria should include the physical condition of the school, enrolment levels, the presence or absence – because of low enrolment – of specialized programs, and whether the school is the only one serving a unique need in the community, such as providing French-language education.

When a board has decided, on the basis of credible criteria and a transparent decision-making process, to keep a small school open, it is important that the school receive core-support funding to ensure that it has a sound foundation from which to create a high-quality and safe learning environment. In my view, the minimum core supports needed by a small school are a full-time principal and secretary, a full-time custodian, and, at the secondary school level, a full-time individual to provide advice on career and postsecondary education to secondary school students and advice to Grade 8 students on secondary school placements.

For many boards, the funding formula provides a certain amount of core-support funding through the following grants and allocations. Under the School Operations and School Renewal Allocations of the Pupil Accommodation Grant, if a school's enrolment is below the school's capacity, additional "top-up funding" is provided. The Small Schools Allocation and its Principals Component and the Remote and Rural Allocation of the Geographic Circumstances Grant also contain additional funding for small schools.

In addition, some boards have an average school size that, by itself, is sufficient to generate funds for a principal for a small school that they have decided to keep open, although they may not be able to fund the other core elements described above. In a number of cases, boards that do not have the requisite average school size have decided to allocate funds – often at the expense of other program areas – to meet some or all of the core-support staffing needs of the small schools that they have decided to keep open.

The updating of benchmark costs that I recommended earlier in this chapter offers a partial response to this situation, because, if implemented, it will provide many boards with additional funding to sustain those small schools that they decide to keep open. Grants that are particularly likely to generate increased funding for small schools include the Foundation Grant, certain Special Purpose Grants mentioned above (the Small Schools Allocation and its Principals Component and the Remote and Rural Allocation of the Geographic Circumstances Grant), and, also mentioned above, the School Operations and School Renewal Allocations of the Pupil Accommodation Grant. These updates are also likely to allow boards to cover the costs of any additional staff or programs that they have determined, in their decision-making process, are required in the small school that they are keeping open.

In addition to staff and programs, all schools need to provide students with a safe, clean, and well-maintained environment. I estimate that updating the benchmark costs will increase the School Operations Allocation, which covers custodial services (among other aspects of operating a school), by approximately \$165 million.²³ Moreover, as noted above, the existing funding formula contains a provision for top-up funding of both the School Operations and the School Renewal Allocations for schools that are operating at less than full capacity (although certain limitations apply). These two provisions are likely to provide boards with the funds they need to ensure that their small schools are safe, clean, and well maintained.

Nevertheless, where a board has a small school in a single-school community, it may need additional core-support funding for that school. In this situation, consolidation of the school with another one in the community is not a choice. In addition, boards in this situation generally have smaller board-wide enrolments than other boards and, as a result, it is likely that they will derive only a limited benefit from updates to the benchmark costs. I am therefore recommending that the Ministry of Education provide them with additional funding through the Geographic Circumstances Grant to enable them to achieve the core-support staffing that will make their small schools viable enough to provide a high-quality and safe learning environment.

I recommend that:

15. the Ministry of Education allocate core-support funding through the Geographic Circumstances Grant to school boards that have decided to keep open a small school in a single-school community and that, under the updated Foundation and Special Purpose Grants (that is, updated as described in recommendation 1), do not have an average school size that is sufficient to generate funding for core-support staff for that small school, and further, that the core-support funding cover the following:

- a full-time principal and secretary for each elementary and secondary school
- a full-time support staff person for each elementary and secondary school to ensure a safe, clean, and well-maintained school, and
- a full-time individual in a secondary school to provide advice on careers and postsecondary education to secondary school students and advice to Grade 8 students on secondary school placements

I estimate that core-support funding for small schools in single-school communities will cost \$50 million.

I believe that the intent of recommendations 15 is clear – where a board has made a decision, on the basis of credible criteria and a transparent decision-making process, to keep a small school open, the board should receive the core-support funding it needs to provide a high-quality and safe learning environment in that school. The availability of this core-support funding should not, however, be interpreted by boards as encouragement to keep schools open when, in the board’s judgement, closure and consolidation are possible and in the best interests of student learning and the district’s overall plan and goals.

One further issue that needs clarification is the relationship between the capacity of small schools in single-school communities and the process for justifying “new pupil places” – that is, additions to schools or new schools. At present, to justify new pupil places, only boards whose elementary and secondary enrolments exceed the “rated” capacity of their schools are eligible for funding for new pupil places.²⁴ I urge the ministry to review the benchmark factors and capacity criteria in the New Pupil Places Allocation of the Pupil Accommodation Grant to ensure that boards that have small schools in single-school communities are not penalized for keeping those small schools open.

Declining Enrolment

The Declining Enrolment Adjustment was introduced in the current year (2002–03) against a backdrop of decreased enrolments in some boards. I heard that the major concern about this grant is the length of time the Ministry of Education allows a board to bring its costs in line with its decreased enrolment levels. The grant allows for a two-year adjustment period. Many presenters suggested that this period should be extended to three years.

Because enrolment is projected to decline across the province over the next few years, the issue of the period of adjustment will be a matter of increasing concern to many boards. Boards' revenue is based to a large extent on enrolment. When enrolment declines, board revenue declines as well. However, because many of a board's expenditures are fixed costs, boards often find it hard to adjust their expenditures as quickly as their revenue declines. They need time to adjust, and I am persuaded that two years is not enough.

I recommend that:

16. the Ministry of Education extend the duration of the Declining Enrolment Adjustment to three years

I estimate that extending the duration of the Declining Enrolment Adjustment will cost \$5 million.

Earlier in this chapter, I recommended that the Ministry of Education work with stakeholders to “develop mechanisms for annually reviewing and updating benchmarks in the funding formula and for conducting a more comprehensive overall review of the funding formula every five years” (recommendation 3). In view of the projections for declining enrolment, one of the aspects of the formula that the ministry and its stakeholders may wish to review is the enrolment-sensitive nature of the student-focused funding formula. Some board costs that are funded on a per pupil basis, such as those related to small schools and special education, may be particularly affected by declining enrolment. I suggest that such a review is warranted.

Boards' Flexibility with Respect to Local Expenditures

Flexibility is one of the guiding principles of my recommendations – that is, that the funding formula should allow boards and their schools a certain amount of discretion in assessing their local needs and in spending part of their funding allocation to address those local needs that advance the continuous improvement of student learning and achievement.

The Foundation Grant's Local Priorities Amount (LPA), introduced in 2001–02, is a per pupil allocation that was intended to give boards the flexibility to address local priorities. I was told during my consultations, however, that boards do not use these funds for local priorities. Instead, they direct them to areas that they feel are inadequately funded because the funding formula's benchmark costs have not been updated. Boards therefore maintain that, at present, they do not have sufficient flexibility to address local needs.

The updating of benchmark costs that I recommended earlier in this chapter, if implemented, will provide boards with additional resources. With adequate funds, boards will have more flexibility to fund programs that meet local needs, since only a few specific limits apply to their use of their allocations.²⁵

During my consultations, boards outlined some of the local priorities they have and for which they would like to use the LPA. Some boards would like to use it to supplement other grants. For example, French-language boards consider full-time Junior and Senior Kindergarten to be both educational and cultural priorities, and they would like to use the LPA to fund them. (The funding formula provides funds for half-day Junior and Senior Kindergarten.) Other boards would like to reduce class sizes in Junior Kindergarten through Grade 3, especially where they have many at-risk students. Still others would like to use their LPAs to enhance their education programming in general.

There are other areas in which boards may wish to invest their LPAs. For example, some boards may want to invest in technology to implement distance learning. Others may want to use their LPAs to fund leadership- and capacity-building programs in local schools or groups of schools, as part of their efforts to continuously improve the level of student achievement.

I am recommending that the LPA be changed from a per pupil amount to 5% of the Basic Amount of a board's Foundation Grant. If this recommendation is implemented, and if the updates to benchmark costs and the regular reviewing and updating processes that I recommended earlier in this chapter are implemented, the LPA would grow in tandem with updates to the Foundation Grant. It would therefore enhance boards' flexibility to address their local needs and priorities.

To honour my guiding principle of reciprocal accountability, I believe that, in return for the LPA funding, boards should be required to demonstrate that they are using their LPA funds to advance the goal of continuous improvement in student learning and achievement in individual schools and in the district as a whole. They should consult, through their director of education, with their principals and school councils on how to use the LPA funds and then develop improvement plans for the use of these funds. They should then annually review the plans and report publicly to all stakeholders and to the Ministry of Education on the results achieved through the implementation of the plans, in individual schools and in the district as a whole.

I recommend that:

17. the Ministry of Education reconstitute the Local Priorities Amount as 5% of the Basic Amount of school boards' Foundation Grants (updated as per recommendations 1 and 2), and that boards apply the Local Priorities Amount to locally established priorities, programs, and services aimed at the continuous improvement of student learning and achievement
18. the Ministry of Education require school boards, through their directors of education, to consult with principals and school councils for the purposes of developing a plan for the use of the Local Priorities Amount, and to annually review the plans and report publicly to all stakeholders and to the ministry on the results achieved through the implementation of the plans, in individual schools and in the district as a whole

School Renewal (Pupil Accommodation)

In my mandate, I was specifically asked to look at approaches to funding school renewal, including areas such as maintenance, repairs, and renovations. The funding formula addresses these areas through the Pupil Accommodation Grant, which has four components: School Operations, School Renewal; New Pupil Places, and Prior Capital Commitments. As with the Foundation Grant and the Special Purpose Grants, the major concerns I heard about the Pupil Accommodation Grant were related to adequacy of funding, particularly with respect to the School Operations, School Renewal, and New Pupil Places Allocations. In this section of the report, therefore, I focus on boards' costs in these areas.

School Operations

The costs involved in operating a school include such items as insurance, heating, lighting, cleaning and other maintenance, and maintenance supplies and equipment. The benchmark operating cost per square foot has been set at \$5.20 since the current funding formula was introduced in 1998. Since that time, however, boards have faced significant cost increases in most school operations areas. I believe that, as with other areas of the funding formula, the benchmark costs for the School Operations Allocation should reflect boards' actual costs.

If the updates to benchmark costs that I recommended earlier in this chapter are implemented, I estimate that boards will receive an additional \$165 million under the School Operations Allocation.²⁶

School Renewal

The term "school renewal" is used to refer to major repairs and renovations needed by schools. Two school renewal issues were raised with me during the consultations: the first is related to the routine, cyclical requirement to repair and replace items such as roofs, windows, heating and ventilation systems, and electrical systems; the second is related to "deferred maintenance" or the backlog of repairs needed by schools that has accumulated over an extended period of time.

With respect to the first issue, various organizations have established guidelines for what is called "facilities renewal."²⁷ These organizations recommend that governments annually provide a minimum of 1.5% to 4% of the current facility replacement value of a building for renewal needs, including alterations that change the building's use as well as those that are made to conform to changes in building codes, building standards, and access requirements. At present, the Ministry of Education allocates \$266 million to school renewal on an asset base of approximately \$28 billion, which amounts to less than 1% of the current facilities' estimated replacement value.²⁸ I believe that this is inadequate to meet boards' school renewal needs.

With respect to deferred maintenance, I learned that the cost of repairs needed in schools is substantial – approximately \$5.6 billion and growing. Boards claim that the backlog has accumulated as the result of many years of inadequate funding for school renewal. Boards and other stakeholders told me that, even if the province updates its benchmarks and provides adequate funding for school renewal, it will still face the question of how to address the backlog of necessary repairs.

The Ministry of Education has begun working with school boards to assess school renewal needs in an objective and systematic fashion. I fully support that initiative. It will provide better data with which to evaluate the full extent of deferred maintenance, identify areas of greatest need, and estimate, in a way that is relevant to Ontario's elementary-secondary education sector, the annual renewal costs associated with the existing inventory of schools.²⁹

If the updates to benchmark costs that I recommended earlier in this chapter are implemented, I estimate that boards will receive an additional \$25 million for school renewal.³⁰ However, because of the substantial backlog of school renewal needs, I am also recommending two new strategic investments.

First, I am recommending that the Ministry of Education allocate \$50 million for boards to use to address their most pressing school renewal needs. The intent of this recommendation is to begin to reduce the significant gap between the ministry's existing School Renewal Allocation and current industry standards for facility renewal funding.

Second, I am recommending that, as part of the initiative to assess school renewal needs described above, the ministry provide an annual allocation of \$200 million for boards to use to pay the principal and interest costs they would incur in financing the substantial capital borrowings they would need to begin addressing their deferred maintenance needs. The ministry should use the results of its school renewal needs assessment to determine how best to allocate these funds to boards to ensure that schools that are most in need of repair receive appropriate attention. The annual allocation of \$200 million would be a "deferred maintenance amortization fund," which I estimate that boards could use to leverage \$2 billion worth of financing for renewal work. The \$2 billion figure was arrived at using the ministry's standard guidelines for the Pupil Accommodation Grant, which estimate that \$1 in grants to cover principal and interest costs (amortization costs) will allow boards to leverage \$10 in financing, based on a 25-year amortization period and an assumed interest rate of 8%. Such an amortization fund could significantly reduce the deferred maintenance problem faced by school boards.

I understand that the Ontario School Board Financing Corporation and the Ontario Financing Authority are discussing ways to secure the capital financing required for boards' deferred maintenance costs through the use of debentures. I support these discussions. The debenture route would ensure that boards obtain financing under the most favourable terms available in the investment market.

I recommend that:

19. the Ministry of Education make a new strategic investment of \$50 million in the School Renewal Allocation for school boards to use to address their most pressing school renewal needs
20. the Ministry of Education allocate a new strategic investment of \$200 million annually to a “deferred maintenance amortization fund,” which would fund the principal and interest costs of school boards’ payments to service the debts boards would incur in borrowing funds so that they could begin to address their deferred maintenance needs

New Pupil Places

My consultations revealed that boards generally support the concept and structure of the New Pupil Places Allocation, although I heard some concerns about both the current benchmark factors and the current benchmark costs. The allocation provides amortization funding for school boards to service their loans for construction of new schools and additions to schools.

Early in this chapter I recommend that all benchmark costs in the funding formula be updated. Appendix H explains my approach to updating benchmark costs in more detail. In it, I note that the Ministry of Education and its stakeholders will want to refine my approach for their own review and update of these costs. The benchmark construction costs for the New Pupil Places Allocation is one place where I am recommending that they make refinements.

There are two kinds of construction costs for new pupil places – “old” and “new.” Once a school or a school addition is constructed and even once construction is well under way, the construction costs for that school do not change. Therefore, for the purpose of allocating the amortized funding, the ministry does not need to adjust these costs to reflect annual increases in cost indexes. However, the projected construction costs for new schools and major renovations and additions to existing schools are subject to inflationary and other increases. I believe that the funding for “new” construction should be subject to regular updates.

My estimate of the cost of updating the benchmark costs in the New Pupil Places Allocation does not differentiate between funding for “old” and “new” construction costs because of the difficulty involved in separating these two costs in the current funding allocation. In the following recommendation, I recommend that the Ministry of Education review this issue and ensure that funding for “new” construction reflects updated benchmark costs. (See also Appendix J, Table J.2.)

I recommend that:

21. the Ministry of Education review the benchmark costs in the New Pupil Places Allocation with a view to distinguishing between benchmark costs for construction that is under way or has been completed and benchmark costs for construction that is projected, and that it update and review, as described in recommendations 1 and 3, only the benchmark costs for construction that is projected

In my discussion of the issues related to school renewal, I mentioned the current deliberations between the Ontario School Board Financing Corporation and the Ontario Financing Authority on the best ways for boards to finance school renewal costs. I suggest that these deliberations include the most effective and efficient way to structure debt financing for new school construction and to help boards raise the necessary capital for this construction.

Prior Capital Commitments

The Ministry of Education maintains a Prior Capital Commitments fund to help boards finance loans related to capital projects approved before 1998 and the introduction of the current funding formula. Because of its nature, the fund has no benchmarks and therefore it has no benchmark costs to update.

Over time, as boards retire their capital debt related to projects approved before 1998, this fund will no longer be needed. I believe that the Ministry of Education should consider using the funds that are “freed up” as boards retire the capital debt serviced under this category of the funding formula for other purposes related to pupil accommodation, such as helping boards address their deferred maintenance and ongoing school renewal needs.

Special Education

The Special Education Grant provides boards with funding to support the additional programs, services, and equipment required to meet the needs of students who could be or who have been identified as “exceptional pupils.” Section 1 of the Education Act defines an “exceptional pupil” as follows: “a pupil whose behavioural, communicational, intellectual, physical or multiple exceptionalities are such that he or she is considered to need placement in a special education program...”

The grant has two components: the Special Education Per Pupil Amount (SEPPA) and the Intensive Support Amount (ISA).

The SEPPA, which is allocated to boards on the basis of total enrolment, recognizes that a certain portion of any student population will include students with special needs (“exceptional pupils”) and that there are costs associated with delivering the special programs and services these students need to succeed in school. The ISA is allocated to boards on the basis of their “incidence rate” of students with intense needs who require proportionately costlier services. ISA has four levels: ISA 1 covers the incremental cost of an individual student’s

equipment needs in excess of \$800 in the year of purchase. ISA 2 and 3 cover the cost of providing the intensive staff supports required by students with a very high level of need (usually a small number in any student population). ISA 4 provides funding for education programs provided by boards to students in facilities such as hospitals, children's mental health centres, psychiatric institutions, detention and correctional facilities, community living or group homes, and other social service agencies.

In the 2001–02 school year, the Ministry of Education began a comprehensive review of ISA funding. During this review, boards have been asked to submit claims for funding for students whom the boards believe qualify under ISA 2 and 3 eligibility criteria. Claims are being submitted over an extended period of four cycles between November 2001 and December 2002. During the comprehensive review, the ministry has continued to provide “stable” funding (the same level of ISA 2 and 3 funding that boards were allocated for the 2001–02 school year), but the funding process has yet to “go live” – that is, it does not yet reflect the claims approved during the review.

Many of those who made presentations and submissions to the task force on the Special Education Grant told me that they were initially pleased with the Special Education Grant as it was introduced in 1998 in the student-focused funding formula. The initial allocation ensured that all school boards receive SEPPA and ISA funding and that special education funds are “protected” – boards cannot use these funds for any other purpose. They expressed concerns, however, about the following: the adequacy of the current level of funding, the absence of any mechanism for assessing the effective use of special education resources, the administrative burden associated with ISA claims, and the current focus of boards on generating revenue through the ISA review process (referred to as “diagnosing for dollars”), which some said reinforced negative perceptions of students' potential.

The submission of the Minister's Advisory Council on Special Education (MACSE) maintained that, as a result of the ISA review process and the possibility that boards could generate additional revenue through it, boards are focusing on assessing the needs of students with very high levels of exceptionality (although, the submission says, not always on the special programming needed by these students), but not necessarily on assessing the needs of students with mild to moderate exceptionalities. MACSE also expressed concern about the proportion of the Special Education Grant that goes to the ISA component.

I was also told that the funding formula provides boards with insufficient funding for the transportation of special education students, and that the formula does not recognize the higher costs experienced by French-language, northern, and rural boards in obtaining supports for these students (for example, psychologists and other specialists in the health-care field).

I am making recommendations on a number of issues raised by MACSE, but it made many more comments and suggestions that I am not able to address in this report. I am therefore recommending that the Ministry of Education review and consider the recommendations in MACSE's submission to the task force.

I recommend that:

22. the Ministry of Education review and consider the recommendations in the brief submitted to the task force by the Minister's Advisory Council on Special Education

My first recommendations with respect to the Special Education Grant address the issue of funding adequacy. As a start, let me note that I estimate that updating benchmark costs, as recommended earlier in this chapter, will provide an additional \$88 million for special education.³¹ In addition to the updates, I am recommending that in the 2003–04 school year, following completion of the comprehensive ISA funding review, the ministry “go live” with funding for all approved ISA claims. Based on ministry estimates, I project that the additional annual funding required for all approved claims will be approximately \$250 million. I am also recommending that, in the interim, to foster stability in the education sector, the ministry fund in the current school year (2002–03) all claims approved up to the end of cycle 3 (the last cycle completed at the time I wrote this report). I estimate that the current-year funding will cost approximately \$130 million of the projected annual \$250 million.

I am further recommending that the ministry develop a transportation policy for students with special needs.

As for the higher special education costs experienced by French-language boards, my recommendation 14 asks the Ministry of Education to review all grants to address the higher costs experienced by French-language boards.

I recommend that:

23. in the 2003–04 school year, following completion of the comprehensive review of the Intensive Support Amount funding, the Ministry of Education fund school boards for all claims approved during the review

I estimate that the annual cost of funding all approved Intensive Support Amount claims will be approximately \$250 million.

I recommend that:

24. to foster stability in the education sector, the Ministry of Education allocate \$130 million to school boards in the current school year (2002–03) to fund all claims approved up to the end of cycle 3 of the comprehensive review of Intensive Support Amount funding
25. the Ministry of Education develop a funding policy for the transportation of students with special needs

Special education stakeholders raised two additional concerns about the adequacy of special education funding, particularly SEPPA, for secondary students.

First, they contend that the per pupil SEPPA allocation for secondary students in the funding formula,³² which is based on boards' average spending levels in 1997, does not reflect boards' current costs for secondary students with special needs. Stakeholders maintain that the challenges of the new curriculum require boards to provide extra support to many students, and that students with special needs require an even greater level of support. Moreover, the incidence of students in the elementary system with high needs has increased (as documented in data from past ISA reviews), and these students will be moving into the secondary system in the near future.

Second, the new secondary school curriculum, which is four years long instead of five, may reduce the amount of SEPPA funding available to boards, since SEPPA is based on total enrolment, but not the number of students with special needs or the time they spend in secondary school. As a result, boards may have less revenue to meet the needs of secondary school students with special needs, but no reduction in the costs of the programs and services required by these students.

To address this issue, I am recommending that the SEPPA for secondary school students be increased to offset the estimated decline in enrolment that will result from the reduced number of years in the secondary school curriculum, and that it then be increased by a further 10% to support a high level of special education programs and services at the secondary school level.

I recommend that:

26. the Ministry of Education increase the Special Education Per Pupil Amount (SEPPA) for secondary school students to offset the estimated decline in enrolment that will result from the reduced number of years in the secondary school curriculum, and that it then increase the SEPPA by a further 10% to support a high level of special education programs and services at the secondary school level

I estimate that the cost of increasing the SEPPA as described in recommendation 26 will be \$19 million.

In presentations and submissions to the task force, I heard many comments about the high administrative burden associated with ISA funding and the requirement that boards submit annual claims that document assessments and diagnoses of students with special needs. Presenters maintained that the ISA claims process, which they say boards use to generate revenue, has diverted boards' attention from the programs and services required by students with special needs. They expressed a desire to turn the focus away from revenue generation and towards the effective use of resources.

I believe that part of the problem is inadequate resources. I note that the Ministry of Education has provided boards with an additional \$10 million in 2002–03 for ISA assessments. I also note that the ministry and school boards have almost completed the ISA review. Nonetheless, I urge the ministry, in consultation with

the ISA Working Group,³³ to develop an approach to funding that, starting in the 2003–04 school year, will significantly reduce boards’ administrative burden related to the ISA claims process. As part of this effort, in the future, boards should be required to assess only new students with special needs (that is, students who have never been assessed by any board) and students whose needs have changed.

Ministry policy, and the overall goal of those who work with students with special needs, is to have boards develop Individual Education Plans (IEPs) for these students that focus on their needs and strengths, rather than their exceptionalities, and then to implement and monitor these plans, adjusting them as necessary. However, special education stakeholders raised concerns about the effectiveness of the programs and services provided to students with special needs in enhancing these students’ achievement levels. In his 2001 Annual Report, the Provincial Auditor noted that the Ministry of Education does not have the information or a process to determine whether the special education programs and services it funds are being delivered effectively and efficiently and whether they are meeting their objectives.³⁴

I believe that school boards should be held accountable for meeting the needs of these students and for delivering the programs, services, and accommodations set out in the students’ IEPs. I understand that the ministry has engaged stakeholders over the past two years in a standard-setting process that is attempting to define appropriate special education programs and services. MACSE noted in its submission to the task force, and I concur, that final approval of these standards and their release would go a long way towards helping boards define the core special education programs and services they should be providing.

I recommend that:

27. the Ministry of Education, following a brief period of consultation on its “Proposed Standards for Special Education Programs and Services Common to All Exceptionalities,” publish an approved set of standards and, if necessary, adjust the funding formula to provide school boards with funding to implement the new standards

MACSE, in its submission to the task force, recommended that, as part of an accountability framework, the ministry fund applied research aimed at helping boards build the capacity to develop effective and cost-efficient plans and programming for students with special needs and appropriate ways to measure whether these plans and programs are improving the achievement levels of students with special needs. I support this recommendation and urge the ministry to consider it along with the other recommendations in the MACSE submission to the task force (see recommendation 22).

Student Transportation

As part of my mandate, I was asked to address funding issues related to transportation. The existing transportation allocation formula has been carried over from the old funding formula – the one that preceded student-focused funding. It was not revised when the new funding formula was introduced in 1998. In the spring of 1998, the Ministry of Education established a Transportation Funding Review Committee that includes stakeholders to recommend a new approach to funding student transportation. Considerable effort has been invested since then in the development of a needs-based model.

In recognition of increased fuel costs and as a transition measure until the new transportation formula is in place, the ministry added \$23 million to the base Transportation Grant allocation in 2001–02 as well as \$6.3 million in transition funding related to the transportation costs of boards experiencing declining enrolment. The government's 2002 budget announced an additional \$20 million annually for the Transportation Grant, but this money has not yet been included in boards' allocations for the current year.

I heard the following concerns about the current Transportation Grant:

- It does not reflect all of the increases in the cost of fuel and significant increases in the cost of school buses, school bus operators, licensing, inspections, insurance, vehicle maintenance, and safety. It also lacks a review mechanism for dealing with rising costs.
- There are no province-wide transportation guidelines on common walking distances or maximum ride times, especially for students in Junior Kindergarten to Grade 3.
- It does not address boards' increasing concerns about safety issues and the need for transportation safety programs.
- It does not specifically take into account costs related to the transportation of students with special needs.
- It does not promote or reward the co-operative efforts of boards that have formed regional transportation consortia.
- By using pre-1998 board expenditures as the basis for the existing allocation, the grant perpetuates historical inequities because it does not recognize that some boards had relatively low expenditure levels in the pre-1998 period because they had implemented cost-saving measures.

I heard considerable support for the immediate implementation of a needs-based funding formula – that is, one that takes into account student needs instead of the existing historical allocation – and I agree that the issue is urgent. I am recommending that the Ministry of Education build on the extensive work already done by the Transportation Funding Review Committee and complete the development of a needs-based Transportation Grant as quickly as possible. The ministry also needs to address the transportation costs associated with special education needs, as noted in recommendation 25, and with safety programs.

I recommend that:

28. the Ministry of Education complete the development of a Transportation Grant that is based on need, that includes a mechanism for annual reviews and updates of school boards' student transportation costs, and that recognizes the costs associated with the transportation of students with special needs and the implementation of transportation safety programs

I estimate that the general updating of costs recommended earlier in this chapter will result in an additional \$80 million for the Transportation Grant,³⁵ on top of the \$23 million added in 2001–02. Because boards have particularly urgent cost pressures related to student transportation, and to foster stability in the education sector, I am recommending that the \$20 million in additional funding announced in the government's 2002 budget and referred to above be allocated to boards in the current school year 2002–03.

I recommend that:

29. to foster stability in the education sector, the Ministry of Education allocate the \$20 million increase in funding for school transportation that was announced in the government's 2002 budget to school boards in the current school year (2002–03), and that it direct these funds to those boards that are most in need to help them address transportation cost pressures

I am impressed with the many co-operative transportation arrangements school boards have developed over the past few years. Regional consortia and other co-operative measures demonstrate a high level of cost-effectiveness in the spending of education funds. I believe that school boards and the Ministry of Education should work together to develop a province-wide system of regional transportation consortia.

A concept that was presented in a submission to the task force and that I find particularly interesting is the establishment of 8 to 10 transportation "regions" in the province with a "service board" in each one. The service board would be responsible for purchasing services from transportation vendors. While school boards in a designated region would be encouraged to form consortia to achieve cost benefits, individual boards could choose not to belong to these consortia. However, they would be required to purchase transportation services from vendors through the consortia. They would also be expected to contribute to the development of their regional consortium's policies. The service boards would be funded by the participating boards. This approach offers the potential for a consistent standard of transportation services that is appropriate to the region (such as guidelines on walking distances and ride times), efficiency of operations, and a substantial level of cost-effectiveness.

I recommend that:

30. the Ministry of Education consult school boards and other appropriate stakeholders to facilitate a move towards the implementation of a “regional service boards” approach to the delivery of student transportation

The regional service boards model can also be applied to other board business functions such as purchasing. Some boards have already set up purchasing consortia similar to this model. In fact, it is evident that boards have engaged in a considerable amount of co-operation in sharing best practices and participating in consortia aimed at securing goods and services in a cost-effective manner. I encourage them to continue to pursue co-operative ventures. In a very positive step, the ministry recently established a co-operative services website for business personnel in the boards. To date, the website is providing partnership information, examples of innovative business practices, and an “e-conferencing” facility for boards’ business personnel.

Teachers’ Qualifications and Experience

The concerns expressed to me during my consultations about the Teacher Qualifications and Experience Grant focused on three issues: inadequate funding, the current average secondary school student credit load recognized by the funding formula, and boards’ problems recruiting and retaining teachers.

The main purpose of the Teacher Qualifications and Experience Grant is to address the high teacher salary costs faced by those boards that have a large proportion of highly qualified and experienced teachers. (Boards around the province have different proportions of teachers with high levels of qualifications and experience.) With respect to this issue, I estimate that the updates to benchmark costs recommended early in this chapter will increase the Teacher Qualifications and Experience Grant by \$30 million.³⁶

The grant also contains an allocation that recognizes that boards require more teachers when students take higher than average credit loads. The Foundation Grant provides funding for the number of secondary school teachers required when students take an average of 7.2 credits, which was the actual average secondary student credit load in 1997. The Teacher Qualifications and Experience Grant provides boards with additional funding where a board’s average secondary school credit load exceeds 7.2 credits up to a maximum of a board-wide average of 7.5 credits.

Under the new secondary school curriculum, students are expected to graduate with a required 30 credits in four years. The 30-credit requirement is a minimum; students may take additional credits, and boards have been reporting gradually increasing average credit loads. For the current school year (2002–03), over 50 boards are reporting average credit loads of greater than 7.5. Adjusting the

maximum board-wide average recognized by this grant would acknowledge the higher costs associated with employing additional teachers when students take higher than average credit loads in line with the expectations of the new curriculum.

I am therefore recommending that the Ministry of Education review the credit-load factor and make an appropriate adjustment to the funding formula.

I recommend that:

31. the Ministry of Education adjust the credit-load factor in the funding formula in light of the new secondary school curriculum

With respect to the recruitment and retention of teachers, it is apparent that the teaching profession is undergoing considerable change. An increasing number of teachers are retiring, reflecting the general trend of an aging Ontario workforce. Boards face a challenge in recruiting and retaining good teachers, because starting salaries for new teachers are lower than starting salaries in other professions that require similar skills.

In view of this situation, I urge the Ministry of Education to consider adjusting the benchmark factors of the instructional salary matrix that is used to calculate the Teacher Qualifications and Experience Grant.

Technology

The benchmarks in the Foundation Grant include three categories related to the costs associated with the classroom use of information and communications technology (ICT):

- “textbooks and learning materials”: includes instructional software, CD-ROMs, Internet expenses, and technology that supports distance education; associated benchmark cost, \$75 per elementary pupil and \$100 per secondary pupil
- “classroom computers”: includes hardware and associated network costs; associated benchmark cost, \$43 per elementary pupil and \$56 per secondary pupil
- “professional/para-professional services”: includes staff who provide support services to students and teachers, including computer technicians; associated benchmark cost, \$67 per elementary pupil and \$105 per secondary pupil

As I have noted before, the benchmark costs are based on boards’ actual costs in 1997. Many of those who made presentations and submissions to the task force pointed out that both the need for ICT in elementary and secondary education and advancements in ICT have increased dramatically since 1997. ICT is now an integral part of the curriculum and a key component in students’ ability to achieve success in school.

In acknowledgement of the new and important role of ICT in education, the Ministry of Education and the Ministry of Training, Colleges and Universities created the Ontario Knowledge Network for Learning (OKNL) in the spring of 2000. The OKNL was intended to oversee the development of a vision and plan of action for integrating education and ICT in Ontario. The OKNL has issued reports proposing a direction, but to date the government has taken little action on the OKNL's recommendations. The education community needs direction from the government on the future role it envisages for ICT in the classroom. I therefore urge the ministry to respond to the reports of the OKNL.

I also heard concerns that the funding formula does not pay sufficient attention to the concept of "total cost of ownership" in relation to ICT. "Total cost of ownership," I was told, goes beyond the cost of specific hardware and software; it recognizes a host of factors that are necessary ingredients in the development of successful ICT strategies. For example, presenters suggested that there is a need for funding to train teachers in the effective use of ICT in teaching the curriculum and to hire the technical staff needed to support ICT initiatives.³⁷

At present, the School Board Administration and Governance Grant covers the ICT needs of school board administrators, such as enrolment reports; business, finance, and human resources functions; and the management of physical facilities. Presenters identified the application of ICT to administrative functions as another area that both requires new investments and offers significant opportunities for the effective and efficient management of board resources.³⁸

I support the calls for improvement of ICT systems in the classroom and in board administration. This issue offers the Ministry of Education an opportunity to promote the standardization of classroom ICT systems and to promote the effective and efficient management of board resources.

I recommend that:

32. the Ministry of Education promote standardization, where appropriate, of instructional software and classroom information and communications technology (ICT) systems, and that it work with school boards to promote the effective and efficient management of boards' administrative ICT systems

I wish to note that, while I acknowledge the importance of computers in the classroom and the need to train teachers in their use, I also believe that teaching methodology needs to adapt to truly integrate ICT into instruction and to use ICT in instruction to its fullest advantage.

Governance

In Chapter 3, I set out my views of the roles and responsibilities of the major partners in education. In keeping with those views and in light of the introduction of the student-focused funding formula and the loss of taxing authority by school boards, I believe that there is a need for a thorough review of education governance.

During the course of my review I observed that the introduction of the student-focused funding formula has affected the relationships among the provincial government, school boards, teachers, school councils, and community groups. These relationships need to be clarified. To my mind, the question is whether the governing structure is as effective as it should be to advance the goal of continuous improvement in student learning and achievement. To address this goal, the roles and responsibilities of all partners in education need to be more clearly articulated so that each partner and the public understand them.

I am therefore recommending that the Minister of Education review, in consultation with all education partners, the education governance structure and the roles and responsibilities of each of the partners.

I recommend that:

33. the Minister of Education review, in consultation with all education partners, the education governance structure and the roles and responsibilities of each of the partners