

Appendix J: Estimated Cost of Updating Benchmarks – by Benchmark

This appendix contains four tables, as follows:

- “Table J.1: Summary of Estimated Cost of Updating Benchmarks – by Benchmark” provides a summary of the total cost of updating each benchmark category.
- “Table J.2: Estimated Cost of Updating Benchmarks – by Benchmark” provides more detailed information than Table J.1. Following Table J.2 are notes that offer additional information about the calculations.
- “Table J.3: Details of the Calculations Used to Update Transportation Costs”
- “Table J.4: Details of the Calculations Used to Update the School Operations Benchmarks”

The base year for the updates is 1998, the year the current funding formula came into effect, except where the Ministry of Education has added funding since 1998 and prior to 2002–03. The 1998 base costs were derived from actual school board costs in 1997.

Table J.1: Summary of Estimated Cost of Updating Benchmarks – by Benchmark

Benchmark	Total Cost (Millions)
Non-teachers’ salaries	\$93
Benefits	\$170
Classroom supplies	\$28
In-school administration (supplies)	\$2
School operations non-salary costs	\$111
School renewal	\$25
Total	\$1,010

Table J.2: Estimated Cost of Updating Benchmarks – by Benchmark

Note: Some calculations may not be exact because some numbers have been rounded.

Benchmark	Current Benchmark Cost	Updated Cost (to August 31, 2002)	Change	Total Cost (to August 31, 2002)	Notes (Additional notes follow this table.)
Projected average teachers' salaries	\$50,975	\$53,320	4.6%	\$366M	<ul style="list-style-type: none"> – Based on an analysis of negotiated settlements – Using the funding formula's instructional salary matrix, the average salary would increase from \$55,059 to \$57,591.
Non-teachers' salaries:					<ul style="list-style-type: none"> – Assumes same increase as for teachers' salary benchmarks – Excludes school operations staff (see below)
Elementary					
– Principals	\$79,296	\$82,944			
– Vice-principals	\$72,360	\$75,689			
– Teaching assistants	\$22,590	\$23,629			
– Professionals	\$43,686	\$45,696			
– Secretaries	\$28,346	\$29,650			
– Classroom consultants	\$70,171	\$73,399			
Secondary			4.6%	\$93M	
– Principals	\$86,479	\$90,457			
– Vice-principals	\$76,337	\$79,849			
– Department heads	\$3,262	\$3,412			
– Professionals	\$43,686	\$43,696			
– Secretaries	\$29,859	\$31,233			
– Classroom consultants	\$70,171	\$73,399			
School operations staff costs (based on cost per sq. ft.)					<ul style="list-style-type: none"> – 1.95% + 4.6% = 6.6% – The 1.95% covers the increase given to all other staff in 2000–01. The 4.6% is an assumption of the same increase as was applied to teachers' salary benchmarks.
– Salaries	\$2.97	\$3.17	6.6%	\$45M	
– Non-salary costs	<u>\$2.23</u>	<u>\$2.64</u>			
– Total costs	\$5.20	\$5.81			
Benefits					<ul style="list-style-type: none"> – Includes \$9M for school operations staff benefits
– Teachers	12%	13.1%	9.2%	\$85M	
– Non-teaching staff	15.7%	19.2%	22.3%	<u>\$85M</u>	
				\$170M	
Textbooks and learning materials					<ul style="list-style-type: none"> – Based on increases in Ontario CPI
– Elementary	\$75	\$83	10.3%	\$14M	
– Secondary	\$100	\$110	10.3%	<u>\$8M</u>	
				\$22M	
Classroom supplies					<ul style="list-style-type: none"> – Based on increases in Ontario CPI
– Elementary	\$77	\$85	10.3%	\$14M	
– Secondary	\$173	\$191	10.3%	<u>\$14M</u>	
				\$28M	
Classroom computers					<ul style="list-style-type: none"> – Based on increases in Ontario CPI
– Elementary	\$43	\$47	10.3%	\$9M	
– Secondary	\$56	\$62	10.3%	<u>\$5M</u>	
				\$14M	
In-school administration (supplies)	\$5	\$6	10.3%	\$2M	<ul style="list-style-type: none"> – Based on increases in Ontario CPI

Benchmark	Current Benchmark Cost	Updated Cost (to August 31, 2002)	Change	Total Cost (to August 31, 2002)	Notes (Additional notes follow this table.)
Board administration (supplies)	\$67	\$74	10.3%	\$15M	– Based on increases in Ontario CPI
School operations non-salary costs (based on cost per sq. ft.)					– \$54M for the salary and benefits components of school operations is accounted for above in the “School operations staff costs” and “Benefits” sections
– Salary components	\$2.97	\$3.17	6.6%		
– Utility components	\$1.01	\$1.30	28.8%	\$79M	
– Other components	\$1.22	\$1.34	10.3%	\$32M	
– Total costs	\$5.20	\$5.81	11.7%	\$111M	
Transportation	\$587M		17.5%	\$80M	– See Table J.3.
– Base funding for this calculation is the 2001–02 total of \$581M plus \$6M for the transportation component of the Declining Enrolment Allocation				(\$103M minus the \$23M already provided. See note 3 at the end of Appendix H.)	
School renewal					– Based on increases in Ontario CPI
– Elementary	\$64M	\$71M	10.3%	\$25M	
– Secondary	\$83M	\$92M	10.3%		
New pupil places					– Based on increases in Ontario CPI
– Elementary	\$117M	\$129M	10.3%	\$39M	– The updated costs do not differentiate between “old” and “new” construction costs. See note 7, below.
– Secondary	\$126M	\$139M	10.3%		

Notes:

- Teachers’ salaries:** I used the 2001–02 negotiated salary grids and data on the distribution of teachers by board to determine the “actual” current (2001–02) salary costs for teachers (the figure is based on contracts representing over 90% of teachers), and then compared that amount to the amount generated by the existing salary benchmarks. The difference was 4.6%. I applied this percentage to obtain my estimate of the cost of updating the teachers’ salary benchmark cost.
- Non-teachers’ salaries:** This category includes principals, vice-principals, secretaries, professional and para-professional support staff, directors of education, and board administrative staff. It excludes school operations staff. (See note 6, “School operations,” below.) I used the 4.6% increase calculated for teachers’ salaries to estimate the required adjustment.
- Benefits:** My estimated increases in statutory and non-statutory benefits are based on a review of actual benefit expenditures. The benchmark rate was adjusted from 12% to 13.1% of teachers’ salaries and from a weighted average of 15.7% to a weighted average of 19.2% of non-teachers’ salaries. I then applied those factors to the increased salary benchmark costs for teaching and non-teaching staff (see notes 1 and 2 above) and to the salary benchmark cost component of School Operations.
- All other “learning” costs (textbooks, classroom supplies, classroom computers), in-school administration costs, and board-level non-salary costs:** These items were increased by the percentage change in the Ontario Consumer Price Index (CPI) for the period 1997–2002.
- Transportation:** To develop the cost adjustment factor for transportation, I used a model that identifies the major expenses by category and the total cost of operating a 72-passenger bus for a school year. I then determined the cost increases on the basis of price changes derived from bus contracts and available price indexes. In determining these increases, I took into account the \$23 million increase the ministry made to the grant in 2001–02. Details of the cost update for transportation are presented in Table J.3.
- School operations:** The School Operations Allocation includes the costs of school operations staff, contracted services, insurance, maintenance supplies and equipment, and utilities.

Since the salary benchmark costs of school operations staff were not increased by 1.95% in 2000–2001 when other salary benchmark costs were increased, I applied that 1.95% increase and then added the 4.6% adjustment I had calculated for teachers’ salary benchmark costs (see note 1 above) for a total increase of 6.6%. I used the 6.6% to calculate the update for the salary benchmark costs of school operations staff.

I updated utility benchmark costs on the basis of increases in the Ontario CPI since 1997 in the costs of water, fuel, and electricity. All other school operations benchmark costs were also updated on the basis of changes in the Ontario CPI since 1997.

7. **School renewal and new pupil places:** My update of benchmarks costs for the School Renewal and New Pupil Places Allocations of the Pupil Accommodation Grant is based on changes in the Ontario CPI. I considered using the Non-Residential Construction Price Index, but since it applies to only Ottawa and Toronto and is only available on a quarterly basis, I decided to use the Ontario CPI as a “proxy.”

If my recommendation 3 is implemented and the funding formula is reviewed on a regular basis, the Ministry of Education and education stakeholders will want to determine an appropriate methodology and index for updating the benchmarks in the School Renewal Allocation of the Pupil Accommodation Grant. They will also want to consider the effect of the ministry’s initiative to assess school renewal needs, described in Chapter 4 under “School Renewal,” on the School Renewal Allocation’s benchmark costs.

Updating the benchmark costs in the New Pupil Places Allocation will prove more complex. As I explained in Chapter 4, since 1998 funds have been provided under this allocation for both “old” construction – construction that is well under way or completed – and for “new” construction – construction that has not yet begun. My calculation of the cost of updating the benchmark costs in the New Pupil Places Allocation, which is set out in Table J.2, 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 recommendation 21, I recommend that “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.”

Table J.3: Details of the Calculations Used to Update Transportation Costs

Component	Share of Expenditures	Change (from 1997 to 2001–02)	Description
New bus costs	26.8%	32%	– Cost of a 72-passenger bus in 1997 and 2002
Licensing, inspections, and insurance	5.2%	50%	– Reflects increase in insurance and inspection costs
Fuel	9.6%	9.6%	– Ontario, unit cost price for diesel fuel (Ministry of Environment and Energy)
Drivers	27.4%		– Wages: 1.95% + 4.6% = 6.6%
– Wages		6.6%	The 1.95% covers the increase given to most staff in 2000–2001. The 4.6% is an assumption of the same increase as was applied to teachers’ salary benchmarks.
– Benefits		3.5%	– Benefits: Increase is the same as that applied to non-teachers benefits.
Vehicle maintenance	18.5%	11.7%	– Based on increases in Ontario CPI component “Automotive vehicle parts, maintenance, and repairs”
Other components	12.5%	10.3%	– Based on increases in Ontario CPI
– Buildings, etc.			
Total	100%	17.5%	

Table J.4: Details of the Calculations Used to Update the School Operations Benchmarks

Component	Share of Expenditures	Change (from 1997 to 2001-02)	Description
Salaries and benefits			
– Salaries	57%	6.6%	<ul style="list-style-type: none"> – Wages: $1.95\% + 4.6\% = 6.6\%$ The 1.95% covers the increase given to most staff in 2000–2001. The 4.6% is an assumption of the same increase as was applied to teachers' salary benchmarks. – Benefits: Increase is the same as that applied to non-teachers benefits.
– Benefits		22.3%	
Utilities			
– Gas	20%	28.8%	<ul style="list-style-type: none"> – Based on increases in Ontario CPI component “Water, fuel, and electricity”
– Electricity			
– Sewage and water			
Other costs	23%	10.3%	<ul style="list-style-type: none"> – Based on increases in Ontario CPI
– Supplies and equipment			
– Contract services			
– Insurance			
Total	100%	11.7%	