2012-13 Grants for Student Needs

OVERVIEW

March 2012
Purpose

• To provide school boards and other key stakeholders with an overview of the major elements proposed for the 2012-13 Grants for Students Needs (GSN).

It should be noted that a regulation to govern grants to school boards in their 2012-13 fiscal year has not yet been made. The information in this presentation is provided in the absence of such a regulation.

The initiatives and investments described herein must be implemented by, and are conditional upon, the making of such a regulation by the Lieutenant Governor in Council.

The Ministry intends to seek such a regulation in April 2012 and will advise you if such a regulation is made.
Context for GSN Decisions
The Deficit Challenge

• The 2012 Budget, which was tabled on Tuesday, lays out a plan to balance the budget by 2017-18.

• The Government’s plan involves limiting growth in spending in all sectors, with a focus on compensation constraints which make up over 50% of all spending.

• Every ministry, every board and every agency of the public sector is being asked to do their part to get Ontario back on track fiscally and to ensure a bright, sustainable future for the province.
Context for GSN Decisions

Drummond Commission

• The Drummond Commission made several recommendations related to education including increasing class size and rolling back the implementation of Full-Day Kindergarten (FDK).

• The Commission’s advice was an important part of the Government’s deliberations on the GSN for 2012-13 and beyond.

• The Government has carefully examined the Drummond Report’s recommendations on education and will be moving forward on some of them.

• However, to protect our gains in education, and protect jobs for teachers and other personnel who work in our schools, we have chosen to keep our program of reduced class sizes and implement FDK as planned.

• This choice means that constraint and savings measures will need to be found elsewhere in the GSN funding envelope.
Context for GSN Decisions

Provincial Discussion Tables

• The Government is currently facilitating discussions between trustee associations and education sector teacher federations and unions.

• The Government has tabled proposed funding parameters to help guide these discussions.

• These parameters have implications for the salary and benefits components of the 2012-13 GSN.

• These parameters are reflected in the 2012-13 GSN, but could be changed, or modified, based on the PDT discussions.
Overview – Total Operating Funding

• The GSN in 2012-13 is projected to be about $21B, which is about the same level
  - This funding level reflects an increase of $6.5B (45%) in operating funding compared to the 2002-03 school year.

• Funding for school boards is increasing year-over-year by 1.5%, when funding for FDK is factored in.
Overview – Per-pupil Funding

- Per-pupil funding in 2012-13 is projected to rise to $11,189:
  - This is more than 2011-12, and $3,988 (55%) more per pupil compared to the 2002-03 school year.

![Chart showing per-pupil funding from 2002-03 to 2012-13](chart.png)
Honouring Previous PDT Commitments

• We are in the fourth and final year of the Provincial Discussion Table (PDT) Agreements for the 2008-12 period.

• Despite the current fiscal challenges, the Government is committed to meeting its PDT commitments and will be fully funding those PDT enhancements that take effect on August 31, 2012, and carry forward into the 2012-13 school year.
More Supports for Student Achievement

- Based on the 2008-12 PDT, we are allocating:
  - $53M for 580 more funded **elementary specialist teachers** to support 10 additional minutes of preparation time. This increase brings elementary preparation time to 240 minutes a week.
  - $24M for 260 funded **Grade 4-8 teachers** to reduce class sizes to
    - 24.5 to 1.
  - $20M for 220 funded additional Grade 7 and 8 **Student Success** and
    - **Literacy and Numeracy** Teachers
  - $20M for over 215 funded **secondary teachers** to support locally developed strategies to expand secondary programming.

- In total, there will be funding for 1,275 new teaching positions in 2012-13.
Keeping up with Costs: OMERS Contributions

- In July 2010, the Ontario Municipal Employees Retirement System (OMERS), which is the pension plan for most non-teaching staff, announced that contribution rates would be going up by 2.9% over 3 years beginning in 2011.

- To address this cost pressure, $21M in new GSN funding was allocated retroactively for 2010-11, with a further $50M allocated for 2011-12.

- We will continue to help boards with the cost of this three-year increase with $29M in funding for 2012-13. This funding represents about a 1% increase to the Foundation Grants’ benefits benchmarks for non-teaching staff, with similar adjustments to the benchmarks in the affected special purpose grants.
Keeping up with Costs: School Operations

- The non-staff portion of the School Operations Allocation benchmark will be increased by 2% again this year to help boards manage increases in commodity prices and insurance costs.

- As we did last year, we will also be increasing funding to further help boards with electricity costs. In total, the electricity component of the benchmark will increase by 7.9%.

- This increase brings total School Operations funding to $1.97B, which represents a 37% increase under this Government.
Grant Updates, Refinements and Reforms: School Operations & Renewal Benchmark Updates

• Several benchmark factors used for the School Facility Operations Allocation and the School Renewal Allocation have not been updated in almost a decade.

• The benchmark factors affected are the Over/Under 20 Years of Age Factor, the Supplementary Area Factor (SAF), which were last updated in 2001-02, and the Geographic Adjustment Factor (GAF), which was last updated in 2005-06.

• These benchmark factors will be updated, with the resulting reduction in the School Operations Allocation being used to support increased funding for the School Renewal Allocation.

• Based on the updated benchmarks, the School Renewal Allocation will be increasing by $25M, or 8.3%, compared to last year.
Grant Updates, Refinements and Reforms: PEG Redirection

- Program Enhancement Grant (PEG) is being restructured, with $20M in PEG funding being moved into the Education Programs – Other (EPO) transfer payment line.

- This funding will be used to support outdoor education programs delivered by school boards, or by third-party organizations, such as not-for-profits and community groups.

- Further information on this initiative will be communicated through a Ministry memorandum to school boards.
Grant Updates, Refinements, and Reforms: Retirement Gratuities

• The Government has proposed that the education sector’s current plans for sick-leave and retirement gratuities be replaced with a short-term sick-leave plan that is similar to that used in the Ontario Public Service.

• This proposal includes 100% salary funding for 6 sick-leave days, and the elimination, over time, of the obligations from retirement gratuities. Funding to boards will be adjusted in keeping with their reduced commitments.

• Without this measure, the liability for vested and non-vested sick days could grow to $3.1B over the next 5 years if this is not dealt with now.
Grant Updates, Refinements and Reforms: Phase-Ins

• In 2010–11, the formulae used to calculate board entitlements under the Demographic Allocation of the Learning Opportunities Grant and English as a Second Language Allocation of the Language Grant were updated using the most recent census data (2006).
  – The updates are being phased in to moderate the annual redistribution impacts.
  – 2012–13 is the third year of the four-year phase-in.

• Eligibility criteria for Programme d'appui aux nouveaux arrivants (PANA) of the Language Grant were also revised in 2010-11.
  – 2012-13 is the third year of the phase-in of these changes (French-language boards only).
Grant Updates, Refinements and Reforms: Phase out of Distant Schools Allocation

- The **Distant Schools Allocation (DSA)** of the Geographic Circumstances Grant was established in 2003–04 and was largely replaced in 2007–08 by the Supported Schools Allocation and the School Foundation Grant.

- These allocations were never fully harmonized. As a result, there are frozen or outdated elements of the DSA that are being eliminated.

- 2012–13 is the third and final year of the phase-out that was announced in 2010–11.
Capital Funding

- The Ministry will allocate up to $350M in funding for major capital projects, including building or purchasing schools, building additions, or undertaking major retrofits to existing schools.
  - The funding will be allocated to support the most urgent and pressing needs to address accommodation pressures and facility condition and/or facility utilization, including support for under-served French-language rights holders.
  - The focus will be on schools needed to open for the 2015-16 school year.

- For the second year, the Ministry is providing:
  - $150M in funding for school renewal needs through the School Condition Improvement Allocation;
  - $40M to support the cost of portable moves, leases, and purchases as well as lease costs for permanent instruction space; and
  - Funding is also available to support the acquisition of land for new and/or expanding schools where required.
Capital Funding (FDK)

• The 2012-13 GSN will reflect the Year 4 FDK First-Time Equipping and Minor Renovations funding needs (close to $24M based on $10,000 per funded FDK classroom).

• As well, over $887M in capital funding has been provided to boards to meet the accommodation needs of the first 4 years of the FDK program.

• The Year 5 FDK capital submissions are currently under review by Ministry staff and the Ministry expects to inform school boards of those allocations later in the Spring of 2012.

• The Year 5 FDK First-Time Equipping and Minor Renovations funding will be announced in 2013.
Savings Measures from 2011-12

• The following savings measures, which were in place for 2011-12, will continue in 2012-13:
  o **Board Administration:** the School Board Administration and Governance Grant will be reduced by $6.4M in 2012-13, as part of a constraint that has thus far reduced board administration funding by a total of $15.4M.
  
  o **Classroom Computers:** this savings measure, first introduced in 2009-10, will be made permanent.
  
  o **Staff Professional Development:** for 2011-12, the Staff Development component in the Pupil Foundation Grant benchmarks was reduced for savings of $21M. This savings measure will be made permanent, beginning in 2012-13.
  
  o **Transportation:** a 1% reduction in transportation allocations for boards with routing and technology ratings that are below “high” will be extended for a further year.
New Savings Measures for 2012-13

- The following savings measures, will be introduced in 2012-13:
  - **Classroom consultants (curriculum and teaching specialists)**: funding through the Pupil Foundation Grant and special purpose grants will be reduced to generate savings of approximately $35M in the 2012-13 school year. This will mean approximately 300 fewer funded FTE positions for non-classroom teachers.
  - Despite this measure, the net increase in 2012-13 in funded teaching positions will be almost 1,000 FTEs.
Constraint Measures for 2012-13 and 2013-14

• In keeping with the decision to maintain smaller class sizes and to implement FDK as planned, the Government is committed to introducing new measures that constrain spending growth.

• The following constraint measures will be introduced for 2012-13 and continue through 2013-14:
  – **“Real 0%” for salaries:** no funding will be provided in 2012-13 and 2013-14 for salary increases for teachers and non-teachers;
  – **Freezing the grid:** no funding will be provided in 2012-13 and 2013-14 for salary increases that result from movement on a salary grid.

  • *These measures were proposed as part of the current PDT process and could be changed, or modified, based on those discussions.*
Measures for 2013-14 and Beyond

• **Under-utilized School Strategy:** the Ministry will be examining the incentives that are currently built into the GSN that encourage school boards to create and/or maintain small and under-utilized schools, with a particular focus on schools in urban areas, with the goal of implementing changes in the 2013-14 school year.

• **4-year High School Program:** beginning in the 2013-14 school year, there will be a cap of 34 on the number of secondary credits that a student can earn that will be funded at the regular day-school rate. This will place greater importance on education and career planning for all students, especially those who have earned more than 34 credits, but do not have the right combination of credits to graduate.

• **School Board Amalgamations:** the Ministry will examine amalgamation opportunities among neighbouring boards. This examination will respect the constitutional protections afforded French-language and Roman Catholic school boards.
Process Improvements: Updates

• **Board Administration and Governance Grant Advisory Group:** In 2010, the Ministry established the Advisory Group to provide advice on the development of a new allocation model for the School Board Administration and Governance Grant.

• The Advisory Group expects to report in time for the successor model to be implemented in the 2013–14 school year.
Process Improvements: Updates (cont’d)

• **School Operations Allocation Review**: The School Operations Working Group was established as a forum for the PDT unions and school boards, supported by the Ministry, to collect and analyse data, to identify and discuss issues, and to develop recommendations regarding the funding of school operations.

• The School Operations Working Group met 14 times in 2011 and 2012, and developed a report with 28 consensus recommendations. This report was submitted to the Deputy Minister in March 2012 and shared with support staff PDT signatories. The recommendations will not affect the 2012-13 GSN.
Process Improvements: Updates (cont’d)

• **Student Transportation Task Force:** The Task Force on Competitive Procurement in Student Transportation has reported to the Minister. The Task Force report is available on our public website.

• School boards must comply with the *Broader Public Sector (BPS) Procurement Directive*.

• The Ministry will be providing support for consortia undertaking competitive procurement processes for the first time as well as funding for operator training.

• Further information on moving forward, including best practices, will be communicated through a B-Memorandum to school boards.
Reporting and Accountability

• School boards currently report their employee future benefits on a PSAB basis, but manage these expenses on a cash basis.

• Starting in 2012-13, boards will begin managing employee future benefits (not related to retirement gratuities) on a PSAB basis. This change will be phased in over 4 years.

• Also starting in 2012-13, boards will be required to manage their retirement gratuity expense on a PSAB basis. In addition, as of August 31, 2012, school boards will be required to manage their retirement gratuities liability over the estimated average remaining service life (EARSL) of employees in the plan. This change is in keeping with the 12-year phase out of funding for retirement gratuities.

• The Ministry is planning to schedule technical briefing sessions on these changes prior to release of the 2012-13 Estimates forms.
Accountability and Transparency

• In the current fiscal circumstances, it is important that school boards are accountable and transparent in their spending practices.

• Since June 2011, the Ministry has worked collaboratively with school boards on the BPS Expenses Directive Working Group to develop implementation guidelines for school board spending.

• These guidelines, which will be released soon, will help school boards ensure that they are limiting and controlling spending on travel, meal, mileage, and hospitality expenses.

• Prudent spending decisions that are accountable and transparent are an important part of our shared goal of increasing public confidence in publicly funded education.
Due Date for Submissions

• The Ministry has established the following dates for submission of financial and capital reports in the 2012–13 school year:
  o **May 31, 2012**: Capital Priorities
  o **June 29, 2012**: Board Estimates for 2012–13
  o **November 15, 2012**: Board Financial Statements for 2011–12
  o **December 14, 2012**: Board Revised Estimates for 2012–13

• The Ministry expects that Estimates forms will be available on EFIS in mid-April, 2012
Investments Outside the GSN

- As in previous years, the Government will continue to support other education initiatives that advance student achievement, including FDK, with investments outside the GSN.

- Details of initiatives funded through Education Programs – Other (EPO) transfer payments and “Official Languages in Education” (OLE) transfer payments, as well as FDK, will also be announced today.
Education Programs – Other

• To help boards with their budget planning for the coming school year, the Ministry is today confirming that $160.9M will be allocated to sustain supports to priority education initiatives.

• Of this amount, $126.3M has been allocated on a board-by-board basis.

• The remaining $34.6M has been allocated by program, with board allocations to be released later in the year.
Full-Day Kindergarten – Operating

• Each board’s approved pupil target and funding allocation for FDK is being announced today.

• In the 2012-13 school year, the FDK will be funded at a per-pupil benchmark of $4,012.14 for English-language public boards and $4,047.49 for all other boards. These per-pupil amounts are based on GSN benchmarks.

• The board-specific amounts for the High Needs Amount and Special Equipment Amount that are provided for special education programs and services for the additional half-day of FDK will continue to be provided through EPO transfer payments.

• FDK will total a projected $643M to support 122,000 students in the program in 2012 – which is an increase of almost $374M from 2011.

• The 2012-13 EPO transfer payment agreements will follow shortly.
CONCLUSION

• For almost a decade, each GSN release has seen significant increases in funding.

• The 2012-13 GSN marks a watershed as we move into a more constrained fiscal environment.

• These will be challenging times for the Ministry and for the education sector. But we know that with $6.5B more in board budgets under this Government, the education sector will continue to have the resources, the capacity, and the expertise, to manage this new environment in a way that minimizes the impact on students.

• Thank you for attention. We will now move into a brief question-and-answer session.