

2013-14 Grants for Student Needs

TECHNICAL BRIEFING

PURPOSE

- To provide school boards and other key stakeholders with an overview of the major new elements that make up the Grants for Students Needs (GSN) for 2013-14.

GSN Regulation Release

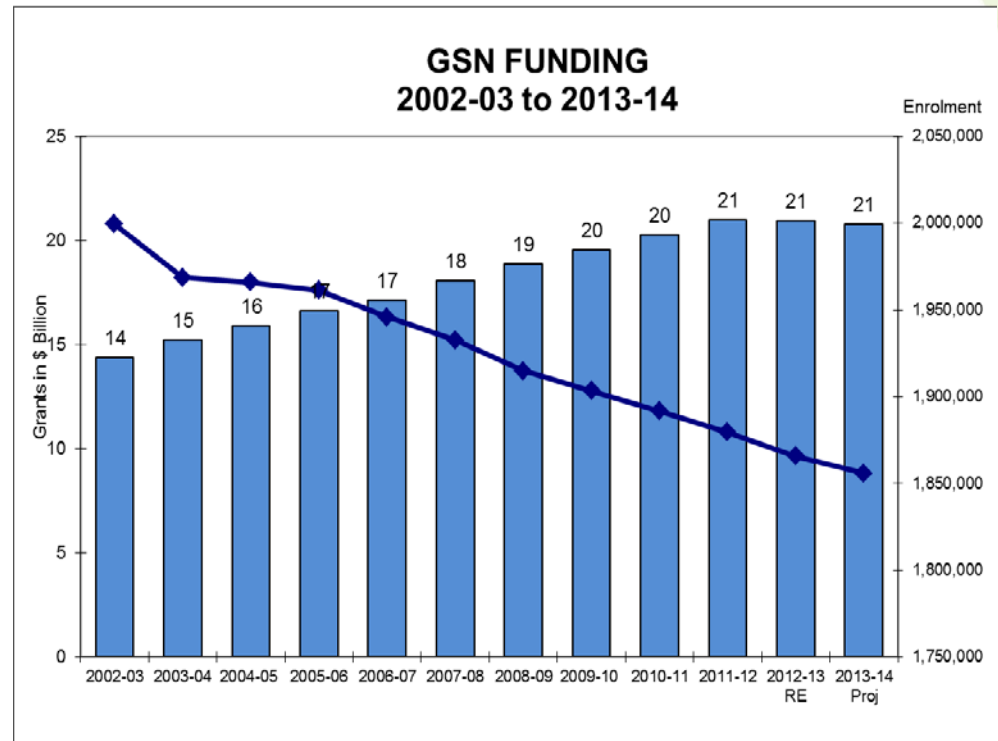
- The GSN regulations for 2013-14 have been made by the Lieutenant Governor in Council.
- These regulations include the GSN funding regulation, the fees regulation, and the average daily enrolment regulation.
- In addition, the Lieutenant Governor in Council has made amendments to several regulations from prior years.
- The board-by-board allocations for Education Programs - Other (EPO) and Full-day Kindergarten (FDK), are also being released today so that school boards have as much information as possible to help them in their budget building process.

Context for the 2013-14 GSN

- The Government remains committed to balancing the Budget by 2017-18.
- We are now in the second year of a two-year labour framework and the 2013-14 GSN changes support the savings measures and efficiencies that are important parts of that framework.
- There are also changes in the GSN to implement the 34-credit threshold initiative that was announced in last year's Budget.
- However, even in these times of fiscal restraint, we are once again addressing key cost pressures through targeted increases to the GSN.

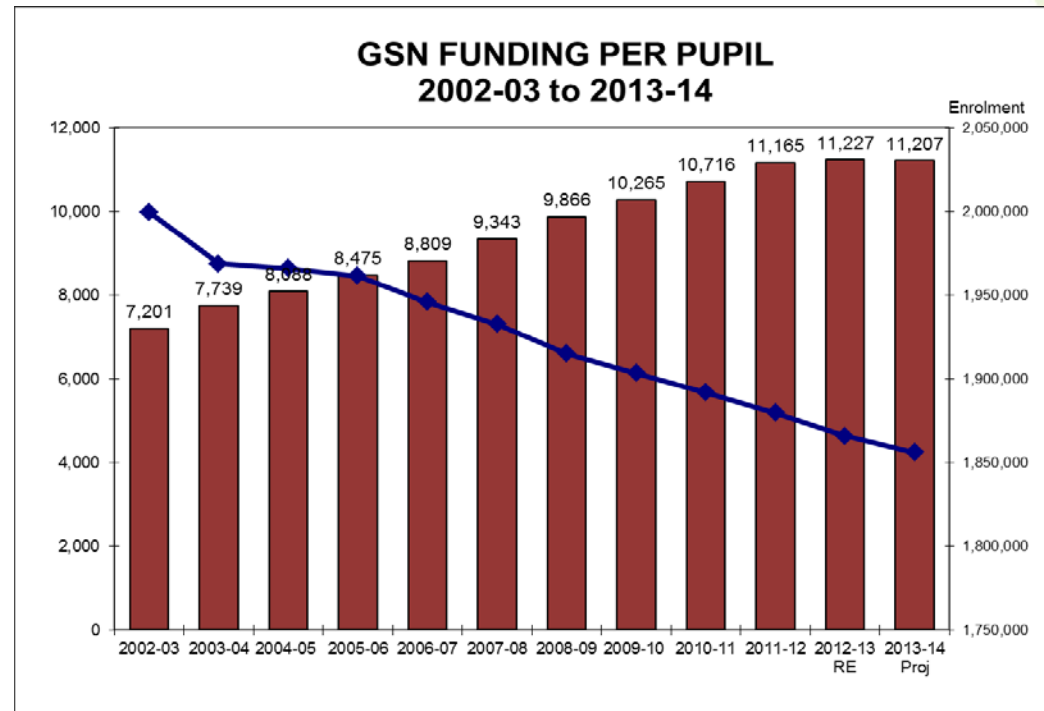
Overview – Total Operating Funding

- The GSN in 2013-14 is projected to be about \$20.8B, which is about the same level of funding as in 2012-13.
- However, funding for school boards is increasing year-over-year by 0.8%, when funding for FDK is factored in.
 - The GSN funding level reflects an increase of \$6.4B (44%) in operating funding compared to the 2002-03 school year.



Overview – Per-pupil Funding

- Per-pupil funding in 2013-14 is projected to be \$11,207:
 - This is \$20 less than 2012-13, but \$4,006 (56%) more per pupil compared to the 2002-03 school year.



Labour Framework

Grid Movement:

- Funding through the Teacher Qualifications and Experience Allocation will continue to recognize grid movement based on the 97th school day provision.

Unpaid Days:

- The salary benchmarks for teachers, principals, and vice-principals, are being reduced by 1.5% to recover the savings from the three unpaid professional activity (PA) days for 2013-14.
- The funding related to other staff with grid movement will not be adjusted to reflect the one unpaid day.

Additional Sick Day

- Consistent with the current labour framework, supply teacher benchmarks for 2013-14 have been increased to support changes to the sick leave plan.

Labour Framework (cont'd)

Retirement Gratuities Phase-out:

- The Ministry will continue to implement a reduction in the benefits funding benchmarks as part of the phasing out of retirement gratuities.
- As in 2012–13, the phase-out will be implemented through a reduction to all benefits benchmarks in the GSN.
- This 0.167% reduction in the benefits benchmarks in the Foundation Grants will be made with equivalent adjustments to the benefits benchmarks in the special purpose grants.
- For 2013-14, the benefits benchmark percent will be set slightly higher so that benefits funding, which is a percentage of salary, is not affected by the impact on salaries from the unpaid days.

Labour Framework (cont'd)

- Based on discussions with our education partners, we will be providing boards with additional funding in 2012-13 to address specific pressures identified at the conclusion of the labour framework discussions.
 - A one-time payout, based on a formula set out in regulation, for non-vested sick days that do not qualify as retirement gratuities
 - Introduction of a 10-years-of-service threshold for all boards for the payout of retirement gratuities
 - Funding for a one year rolling sick bank that can be used to top up salary from 90 to 100%
- Note: Funding for the amendments above will be allocated to boards based on their reported expenditures over the course of the year.
- In addition, funding is being provided for the increased supply teaching costs associated with the new sick leave plan.

34-Credit Threshold

- The Government previously announced a four-year secondary school strategy starting in the 2013-14 school year.
- Over the past year, we have worked closely with the education sector on developing a workable approach.
- Based on that work, the strategy includes three key components:
 1. Policy and program changes to encourage graduation within four years
 2. Improving access to part-time studies
 3. Differentiated funding

34-Credit Threshold (cont'd)

- Under the differentiated funding approach, the portion of a pupil's enrolment over the 34-credit threshold will be included in a new high-credit day school ADE category funded at the Continuing Education rate.
- Details on the 34-credit threshold have already been provided to boards through various memoranda. Further details are also available in the document entitled *Technical Instructions for Implementing the 34-Credit Threshold Policy*, which is available on the Ministry's website.
- The Ministry has also provided FAQs for Students on the public website.

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 \$1.99B, which represents a 38% increase since 2002-03.

Keeping up with costs: Transportation

- The cost benchmark for the Student Transportation Grant will be increased by 2% in 2013-14 to recognize higher operating costs.
- This cost update will be netted against a board's 2012-13 transportation surplus.
- As a result of this enhancement, the Transportation Grant will be \$860.7M, which represents a \$231.5M, or 37%, increase since 2002-03.

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 and \$29M allocated for 2011-12 and 2012-13 respectively.
- Consistent with this support, a further \$9M is being allocated in 2013-14 to help boards with the final year of the increase.

Capital Funding

- For the third year in a row, the Ministry will be 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.

Technical Amendments

- Other technical amendments have also been implemented to provide updated funding allocations primarily for the following:
 - Updates to capital funding approvals for FDK, Capital Priorities projects, and land purchases,
 - An updated High Needs Amount (HNA) Table in 2011-12, to reflect final average daily enrolment for all school boards;
 - An updated list of schools eligible to generate School Foundation Grant funding for the 2012-13 school year; and
 - Changes to the minimum enrolment threshold for a school (a school only requires more than zero enrolment).
- These technical amendments have been implemented in the following regulations:
 - GSN Legislative Grants for the 2010-11, 2011-12 and 2012-13 school years;
 - Fees regulation for 2012-13; and
 - Sick Leave Credits and Sick Leave Credit Gratuities regulation.

Accountability

- We recognize that boards will have challenges in balancing their budgets while at the same time implementing these savings measures.
- However, in the trade-off process that is part of all budget-building exercises, it is critical that school boards continue to protect those programs and services that have been supporting the government's strategy for student success.
- Over the summer/fall we intend to consult with the sector on the steps that can be taken to enhance accountability for targeted special purpose funding.

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 FDK will also be announced today.

Education Programs – Other

- To further help boards with their budget planning for the coming school year, the Ministry is confirming today that \$182.5M will be allocated to sustain supports to priority education initiatives.
- Of this amount, \$123.8M has been allocated on a board-by-board basis, which is also being communicated by memo today.
- The remaining \$58.7M 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 2013-14 school year, FDK will again be funded at per-pupil benchmark amounts that 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 funding will total a projected \$962.6M to support 184,000 students in the program in 2013 – which is an increase of almost \$320M from 2012.
- The 2013-14 transfer payment agreements will follow shortly.

Full-Day Kindergarten – Capital

- The 2013-14 GSN will include funding for Year 5 FDK First-Time Equipping and Minor Renovations
 - It is estimated that this allocation will generate over \$31M in new FDK capital funding for school boards
- Amendments to the 2012-13 GSN will reflect FDK capital approvals that have been made under the Capital Priorities Program and to support Accommodation Review Committees (ARCs) that have been completed over the last several months
 - These approvals total close to \$68M in funding and will also be reflected in the 2013-14 GSN
- For 2013-14, the total capital funding allocated to school boards to address FDK needs is over \$1.45B

Due Date for Submissions

- The Ministry has established the following dates for submission of financial reports:
 - **June 28, 2013:** Board Estimates for 2013–14
 - **November 15, 2013:** Board Financial Statements for 2012–13
 - **November 29, 2013:** Board Enrolment Projections for 2014-15
 - **December 13, 2013:** Board Revised Estimates for 2013–14
 - **May 15, 2014:** Board Financial Report for September 1, 2013 to March 31, 2014
- The Ministry expects that Estimates forms will be available on EFIS in mid-April, 2013.

Conclusion

- These continue to be challenging times for the Ministry and for the education sector.
- More work remains to be done and your support and counsel will be a welcome part of that work over the coming months.