

2015-16 EDUCATION FUNDING : CONSULTATION SUMMARY

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The insights and experiences of everyone in the education sector are critical in helping build a stronger, more responsive system in Ontario. Our ongoing consultations with the sector on funding arrangements are creating greater understanding of both challenges and opportunities.

Our open and frank conversations with the sector last fall underlined that we all support the goals of *Achieving Excellence*, our renewed vision for the education system. Achieving those goals within the current fiscal challenge continues to call for hard work, discipline, creativity and – above all – collaboration. On this, too, participants agreed.

As our approaches to funding evolve, we will build on the mutual understanding our consultations have created, on the agreement they have forged, and on the dedication we all share to supporting strong schools and successful students today and in future. Above all, we will continue to listen to our partners as, together, we take our education system from great to excellent.

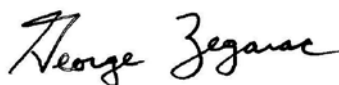


Through the consultations, we heard about the need to focus on classroom priorities. One of the key goals of *Achieving Excellence* is to build enhanced public confidence in Ontario's education system, and responding to this focus is an essential element of enhanced confidence.

Making more resources available in the classroom is possible only if we find greater efficiencies elsewhere. Much of our conversation with the sector revolved around how to achieve that, whether through more efficient use of school buildings, better information on cost drivers or greater coordination across the sector. We recognize that we need to take a leadership role in this area, and our future directions will reflect that.

Another key element of enhancing public confidence is ensuring proper accountability for the more than \$22 billion of public funding that goes into Ontario's education system. We continue to take measures to ensure the right balance between local flexibility and province-wide goals and priorities.

We thank our partners for the good will so evident around the consultation tables, and we look forward to continuing our valuable conversations.



INTRODUCTION

The government is working to support an education system that helps students achieve their full potential while ensuring the system is sustainable, responsible, modern and efficient. Meeting all of those goals requires hard work, creativity and discipline, and above all calls for ongoing consultations involving government, school boards and other stakeholders in the education system.

This report summarizes recent consultations that continued and built on previous conversations in the education sector. The discussions this year were closely aligned with [Achieving Excellence](#), the renewed vision for Ontario's public education system, and particularly its four goals:

- Children and students of all ages will achieve high levels of academic performance, acquire valuable skills and demonstrate good citizenship. Educators will be supported in learning continuously and will be recognized as among the best in the world.
- All children and students will be inspired to reach their full potential, with access to rich learning experiences that begin at birth and continue into adulthood.
- All children and students will develop enhanced mental and physical health, a positive sense of self and belonging, and the skills to make positive choices.
- Ontarians will continue to have confidence in a publicly funded education system that helps develop new generations of confident, capable and caring citizens.

Through face-to-face meetings that took place across Ontario, a wide range of groups shared their ideas with the Ministry of Education on how to create a more efficient system while supporting these goals. Participants were also given the opportunity to provide written submissions. Participants included:

- School board representatives, including Directors of Education and senior school board officials;
- Trustees' associations (Association des conseils scolaires des écoles publiques de l'Ontario, Ontario Catholic Schools Trustees' Association, Ontario Public School Boards' Association, Association franco-ontarienne des conseils scolaires catholiques);
- Principals and vice-principals;
- Teachers' federations;
- The Canadian Union of Public Employees and other education workers' unions;
- The Minister's Advisory Council on Special Education;

- Parent groups (People for Education, Ontario Federation of Home and School Associations, Ontario Association of Parents in Catholic Education, Parents partenaires en éducation); and
- Student groups (Ontario Student Trustees Association, Minister’s Student Advisory Council, Regroupement des élèves conseillères et conseillers francophones de l’Ontario, Fédération de la jeunesse franco-ontarienne).

The consultations focused on several key areas, based on the approach that was taken the previous year. Last year’s consultations were used to inform the School Board Efficiencies and Modernization initiative, which was reflected starting in funding arrangements for the 2014-15 school year.

The most recent consultations further built on earlier progress by focusing on the following areas, which were outlined in a consultation guide:

- Evaluating principles and identifying efficiencies
- Making more efficient use of school space
- Community partnerships
- Accountability
- Sharing savings

At the same time, participants in the most recent consultations were also encouraged to raise any other ideas or areas they felt deserved further consideration. The balance of this summary reflects what the ministry heard in the in-person discussions and received through the written submissions.

EVALUATING PRINCIPLES AND IDENTIFYING EFFICIENCIES

The consultation guide set out the principles by which funding policy decisions should be guided:

- Align with the goals in [Achieving Excellence](#);
- Support an equitable system that takes into consideration such factors as location, language, denomination and socioeconomic status;
- Maintain consistency with the collective bargaining process; and
- Align funding decisions with changes to school board cost structures.

In the consultations, stakeholders raised additional principles that might help to guide financial decisions:

- School boards should recognize their stewardship role in managing public resources; and
- The need for the entire public sector to plan in an integrated way so that communities make the most efficient use of public assets possible.

The consultation process also invited stakeholders to discuss at this point possible efficiencies other than those set out in the consultation guide.

A number of participants noted that savings should be identified by looking at the funding model as a whole as opposed to individual grants and allocations, especially as boards tend to consistently spend more in some areas (particularly special education) than the grant provides for that purpose.

Along the same lines, some participants stressed the importance of focusing spending on a well-defined number of outcomes that the board had identified, and allowing greater flexibility in how funds are spent to achieve these.

Greater consolidation of activities, especially “back office” administration, across boards was seen as a potential source of savings. It was suggested that the ministry look at regional system hubs for these activities, which would allow boards to move away from the multiple payroll system and other administrative services currently in place. Participants suggested, however, that existing examples of cooperative models be assessed to ensure that expected savings were, in fact, being achieved.

There was general agreement that the ministry would need to provide investments and/or incentives for boards to work together to achieve whatever savings might be available from consolidating administrative systems and services. It was acknowledged that might not be possible during a period of fiscal restraint.

Several participants noted that the ministry was in a good position to gather and share “best practices” and examples of efficiencies at the board and school level.

MAKING MORE EFFICIENT USE OF SCHOOL SPACE

The consultation guide noted that at present, almost 70% of Ontario's schools receive direct or indirect financial support for school space that is underutilized.

The guide set out the progress achieved through last year's consultations. The ministry and stakeholders had agreed that it was both possible and beneficial to realign funding to reduce barriers to efficiency. They had recognized, however, that the shift would call for investments in both the immediate and longer term.

The guide described how the School Board Efficiencies and Modernization initiative responded to this direction. It invested a total of \$773 million in new funding to help with the transition for the 2014-15 school year and beyond, consisting of:

- \$750 million in capital investments over four years to support consolidations and right-sizing;
- More than \$8 million to boards to build their capacity to plan capital projects; and
- A \$15 million investment in isolated schools combining elementary and secondary panels.

It also provided incentives for boards to make operations more efficient by reducing funding for underutilized space by \$42 million.

The guide invited participants to build on this progress and engage in a focused and comprehensive discussion on how to continue to address the issue of underused space in schools, to better focus on the spaces students use.

In the consultations, participants identified three major considerations that are involved from an operating perspective in the efficient use of school space:

- Generally, a smaller school building is less efficient to operate than a larger one;
- An older one is generally less efficient than a newer one; and
- A school building of any size or age in which space is unused is less efficient to operate than a full building, since the unused space must still be heated, cleaned and maintained.

Participants agreed that there are a number of ways of addressing unused space. One is to consolidate schools, which can involve closures and, sometimes, the building of a new school for the consolidated enrolments. Another is to share unused space in a school with another school, service provider and/or partner.

The discussions made it clear that from the perspective of students, parents, teachers and system leaders, the issues go much deeper than operating costs. These issues can have an impact on which direction a board takes to address underused space. Especially where improving efficiency means closing schools, parents and students often have concerns about disruption to learning, greater distances to get to school, and the perceived loss of individual attention and sense of community that a smaller school may seem to offer.

The consultations have recognized both this year and last year that larger, newer schools also offer advantages, such as the ability to provide a wider and richer range of programs, activities and facilities. Newer buildings can also be designed or more easily renovated to respond to emerging needs, such as electrical wiring that enables students to safely plug in and use multiple electronic devices in the classroom.

Recognizing the cost and other advantages, school board officials and school leaders noted that they have been looking at the whole spectrum of ways to use space more efficiently, but have faced a number of obstacles. In remote areas, for example, closing a school might remove the last public institution from a community. More broadly, however, participants recognized that existing funding arrangements reduced the economic incentive to address the problem.

Boards also face procedural and organizational barriers to achieving greater efficiency through consolidations:

- The processes that must be followed in school consolidations and/or closings are complex and lengthy;
- Once a school building is closed, selling it can be cumbersome, in part because of the requirement that it be offered first only to other public sector entities;
- A concern was expressed that a board with declining enrolment might be reluctant to allow the sale of any of its school buildings, no matter how little used, to a board with growing enrolment; and
- Sharing a building with other school boards and/or other organizations may present challenges for appropriate cost-sharing and for the roles of boards, board officials and school principals.

In the most recent consultations, participants agreed that these changes represented significant progress. Nonetheless, they agreed that some elements of funding continue to work against more efficient use of space. One example was the School Foundation Grant, with its baseline amount of funding for every school. While this is critical in remote parts of the province, some participants noted that elsewhere it carries the risk of supporting smaller schools where they might not be needed.

Processes around closures/consolidations

Participants last year agreed that a review of the Pupil Accommodation Review Guideline, which determines the processes around boards' decisions on school closures, would be helpful.

This review took place roughly in parallel with the most recent funding consultations. It addressed various issues that boards, parents and municipalities had identified as needing streamlining or updating.

Sharing school space

This concept presents exciting possibilities, but involves considerations that go beyond whether space is being used efficiently. For that reason, sharing space formed a separate discussion around the consultation tables. The next section summarizes ideas and conclusions.

Additional thinking on school space

The most recent consultations brought out some considerations about the use of school space that prompted a higher-level look at the issues:

- Many participants agreed that there is usually less “unused” space in a school than what standard measures indicate. One use that came up repeatedly was small group or one-on-one meetings. Another was shifting activities from rented outside space to unused space in schools, which was a cost saving.
 - This discussion suggested it would be useful to look more closely at definitions of utilization and capacity, and to think about the best ways to design and/or allocate space for current and future needs.
 - In particular, with the growing need to provide specialized help to students, either ongoing or for a shorter time, schools might benefit from having smaller spaces dedicated to those uses.
 - The bottom line for many was that each school presented a unique situation and utilization needed to be looked at on the basis of individual schools, not across the entire board.

- It might be cost-effective in the long run to hold onto a school that is underutilized. For example, many downtown neighbourhoods are gaining residents, especially younger ones, and there is evidence that many would prefer to stay downtown after forming families. Closing schools now and having to build them later, when property values have risen further, might prove costly.
 - Predicting which neighbourhoods will undergo rejuvenation is difficult, but would be made easier if there were closer links between municipal planners and school boards. The divide between municipalities and school boards also came up in the question of sharing space, and is discussed in more detail in the section on community hubs.
- The ministry should encourage right-sizing, while also encouraging hubs where feasible.
 - This point is linked to the previous one. Although school closures can provide savings in the short run, it might be more useful to recognize how a school, as an element of a hub, can support and be part of a dynamic, changing community. Understanding the forces at play, as well as long-term trends and needs, is likely to take some time. Policy choices should try to reflect that balance.

COMMUNITY PARTNERSHIPS

The consultation guide described community partnerships as “part of the foundation of a strong, vibrant and sustainable education system” and invited participants to give their views of the policy framework needed to support their development. The guide also reminded the education sector that any plan to increase community use of schools must optimize the use of public assets, including fully recovering a board’s costs.

Recognizing a strong level of interest, the [2014-15 mandate letter](#) from the Premier to the Minister of Education set out as a key priority “Using some empty school space across the province for community resources — or community hubs — that could be supported by creative partnerships.” The mandate letters to the Minister of Health and Long-Term Care, the Minister of Municipal Affairs and Housing and others tasked them with working with the Minister of Education to consult with stakeholders and craft a policy that supports the development of community hubs.

In the consultations, there was general support for the notion of creating community partnerships or “hubs” based on the shared use of school properties. Many existing examples were brought up, including sharing with coterminous boards, municipal libraries, broader public sector organizations, non-profit agencies, postsecondary institutions and even for-profit enterprises.

One group noted that having one board share with another can help address equity issues. Where, for example, one board would not be able to afford its own building with special facilities, sharing can often make this possible. In these instances, however, they noted the importance of ensuring that all school boards’ aims and rights are respected in the governance of the school.

Many felt that sharing with other partners, such as social or health agencies, can offer advantages beyond efficient use of school property. In the right hub, involving the right partner(s), there is the potential to create synergies that benefit students. In particular, they felt that the new Ontario special needs strategy, currently under development, should be looked at as potentially benefiting from a hub model.

Numerous schools already share space with community partners, most notably child care providers. In fact, roughly half of all child care spaces in Ontario are now located in schools.

Looking more broadly at possible partnerships, numerous participants raised the goals outlined in Achieving Excellence of an education system that enhances students' mental and physical wellness and offers rich learning experiences. Examples of partners that could help to achieve this included:

- Social service agencies addressing the mental/social health needs of students and/or families;
- Literacy resources;
- Nutrition advice and counselling;
- Colleges or universities helping students make a better transition to postsecondary learning, and/or offering teacher training resources;
- Industry-sponsored training facilities, especially for students planning to move directly from secondary school to the workforce;
- Walking tracks or other recreational facilities open to students as well as the broader community; and
- Shared school-community gardens.

Participants expressed some concerns and reservations, however:

- Lack of coordination and/or incentive among various entities – provincial ministries, local municipalities, other school boards, and social service agencies – is seen as a major obstacle. It was noted that the Premier's mandate letter acknowledges this and asks ministers to address it, so that work can be done on creating the right environment on the ground.
- Ensuring partnerships support the principle of equity is a challenge. For example, once parents start with a child care provider in a specific school, they are more likely to continue at that school for the rest of the child's education, and to enroll subsequent children there as well. In areas of declining enrolment, this pattern potentially creates an incentive for schools or boards to attract child care providers with below-cost rent. As well as putting other schools at a disadvantage, such an approach does not achieve the goal of covering the costs of operating the school.
- Conversely, it was noted that providing services in a school of a specific board may create pressure to enable schools of the remaining boards to do the same, when it may be more efficient to have one location serve the entire community.
- Many boards noted that child care and other service providers, especially non-profits, felt that space should be provided at no charge, and in any event lacked the means to pay a rent that would fully cover a board's costs.

- On the other hand, and especially where enrollment is growing, a partner that can pay an attractive rent may “crowd out” worthwhile but lower-paying tenants and could even create tensions with use by the school itself.
- Having training offered within schools by college instructors or others not on the teaching staff, especially where the partner provides needed specialized equipment, may be inconsistent with the availability of teachers who could do the same work. The same concerns were expressed about social service agencies that might provide services board employees could deliver equally well.
- Different users of school buildings face differing regulatory regimes for health, safety and occupancy. This can make it very expensive to build or renovate space to accommodate them. This concern was raised several times in relation to child care providers in particular, likely because they are the tenants with which boards have the most experience. Liability issues were also raised as a consideration.
- Many uses are incompatible for other reasons. Placing a social agency serving a broad population in a school property requires careful vigilance to protect students. Especially in an older building, for example, it might not be cost-effective to provide separate entrances or other means of safeguarding students.
- Parking and driveways providing access to the building also become financial and safety considerations as the range of users of the property broadens.
- Creating and managing partnerships is a quasi-business activity quite different from the core function of principals and boards of educating students. While some principals have been enthusiastic about finding partners and building innovative arrangements, others have felt it takes too much time away from other, more pressing demands. Boards also vary in their interest in and/or ability to form successful partnerships.
- Related to the previous point, the question of ownership of the property was also raised. If boards own the properties intended to serve as community hubs, this gives them the role of landlord, potentially to a range of tenants, with the attendant risks and costs.

Arrangements with the private sector tended to raise the most complex concerns. In this context, participants in the consultations talked both about sharing of physical space, and also about such issues as sponsorships.

- Examples of private sector sharing of property included recreational facilities that are built by a company, made available exclusively to students at certain times, and open to paying customers at others. This raised questions about the equity of requiring

payment to access a facility on public land, as well as limiting student access to it at times.

- Sponsorship examples included offers to provide equipment or pay other costs in return for certain promotional considerations. While the considerations were typically nominal (for example, requiring that a computer lab be painted in the donor's corporate colour scheme in return for providing the equipment), a concern was expressed about opening the door to commercial messaging within a school.
- Private sector partnerships may also lead to concerns about equity. It is easy to imagine, for example, that a computer company might be more interested in placing its products in a school in an affluent area than a lower-income one.

Many of the decisions about private sector involvement are made on a case-by-case basis, and few boards appear to have clear guidelines.

ACCOUNTABILITY

A central aim of *Achieving Excellence* is enhancing public confidence in Ontario's education system. One element of this aim is ensuring proper accountability for funding provided for education from public resources. Boards' accountability to the ministry reflects their overall responsibility to ensure the effective stewardship of these resources.

The consultation guide explained the two broad approaches, or tools, used to support accountability between the Province and school boards:

- Earmarking or enveloping funds for specific purposes; and
- Setting reporting requirements to track and evaluate the use of funding and the way it supports the achievement of objectives.

The guide also acknowledged that accountability and school board flexibility are both important, and at times are at odds with each other. The balance between them requires "ongoing monitoring and adjustments." The guide referred to the previous year's consultation, where the ministry had announced its intention to review two areas of funding – the Learning Opportunities Grant and Safe Schools Supplement – to determine if stronger accountability mechanisms were required, and asked for participants' views.

In the consultations, many participants felt that enveloping encouraged silos, stifled innovation and created the risk of spending unnecessarily in one area while having to skimp on another. School boards, in particular, expressed these concerns, and also concerns about the staff and other resources going into detailed reporting on what are often very small grants.

Others, however, felt that some controls of this nature were needed to ensure key principles of the education system, for example equity and stewardship of resources, were supported. One group noted that the School Foundation Grant for principal and secretary salaries has no requirement that the funding actually be spent on principals and secretaries. This group felt that enveloping it would better tie the purpose of the funding to the outcome, and might have the added benefit of preventing the creation of schools whose size makes them inefficient and challenging to maintain.

Many participants felt that the Education Financial Information System (EFIS), the provincial system for budgeting and reporting, could be improved, and that boards' own public reporting is often not detailed or clear enough to ensure accountability.

Boards offered many suggestions as to how their reporting load might be lightened:

- The ministry should bundle Educational Programs, Other (EPO) grants, which tend to be smaller, often time-limited and more reporting-intense, into one larger grant;
- More EPO grants should be moved into the Grants for Student Needs;
- The ministry should give boards more advance notice and greater certainty about EPO grants to promote better planning and more effective use of funds, and to reduce the disruptions caused by funding that arrives on short notice and must be spent quickly or by small amounts of funding with significant conditions on expenditures;
- There should be a threshold for required reporting, particularly with EPO grants ;
- One simplified template for reporting, conforming to the Chart of Accounts that the ministry provides, should be used;
- Boards should have greater flexibility in the reporting of EPO grants to reduce the demand on staff resources.

Boards also suggested that in place of the current requirement for many separate reports, the ministry should move to one main report that would unite all of the small allocations of the Learning Opportunities Grant and other, similar funding. This report would touch on well-being and student achievement as well as financial matters, which would help allay some of the perceived lack of connection among initiatives and provide a check on the alignment of funding with the strategic direction of boards and the Province.

This approach was in line with the thinking of many participants. Several suggested that closer linkages – whether between funding and student outcomes, or between the business and academic sides of boards – might reduce some of the detailed reporting needs now facing boards and might better support accountability. They felt reporting should move towards a balanced scorecard or a performance indicators model rather than focusing solely on dollars spent.

SHARING SAVINGS

As the consultation guide noted, the School Board Efficiency and Modernization initiative included sharing with school boards some of the savings arising from changes to the School Facility Operations and Renewal grant. The details were discussed above, in the section on using space more efficiently. The guide invited participants to identify efficiencies to support other key priorities.

In the consultations, participants were asked their priorities for where any funding available as a result of savings could or should go. They provided a range of suggestions:

- Support special needs students, especially older ones as they reach the point where they must transition out of the school system;
- Develop a better set of metrics and measures for student achievement and well-being that would support better over-all reporting and alignment of resources with funding;
- Provide more support to staff, especially teachers and others working in the classroom and principals and vice-principals leading schools;
- Enhance technology, both in the classroom and as a tool to help school boards manage more effectively, with an emphasis on broadband needs among more remote boards and schools;
- Improve school condition to make schools more welcoming and attractive; and
- Offset rising transportation costs.

CONCLUSION

As in previous consultations, the good will, creativity and thoughtfulness that participants brought to the table was impressive. These qualities have been very much in evidence as Ontario has built a world-class education system over the past several years.

Now, as the education sector works to reach the goals of Achieving Excellence at a time when stewardship of resources has never been more important, these qualities will continue to support an education system for Ontario that is strong, equitable, responsive and well-managed.

21-2994E (2015/3) (PDF)

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