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MEMORANDUM TO: Directors of Education
Secretary/Treasurers of School Authorities

FROM: Joshua Paul
Assistant Deputy Minister
Financial Policy and Business Division

DATE: April 12, 2017

SUBJECT: Grants for Student Needs (GSN) for 2017–18

I am writing to provide you with information about the Ministry of Education's GSN funding for 2017–18. This information is being provided in conjunction with the release of the 2017–18 school year allocations for the Education Programs – Other (EPO) transfer payments.

NOTICE:

Some of the elements and proposals set out in this memo can only take effect if certain regulations are made by the Lieutenant Governor in Council under the Education Act. Such regulations have not yet been made. Therefore the content of this memo should be considered to be subject to such regulations, if and when made. Further, some of the proposals set out in this memo are dependent on the ratification of amendments to various collective agreements; accordingly, the content of this memo is also subject to ratification of such amendments, if and when they occur.

Investments in Ontario's publicly-funded education system continue to increase, with total funding expected to increase from \$23.0 billion in 2016–17 to \$23.8 billion in 2017–18. Per-pupil funding is projected to increase in 2017–18 to \$12,100 – an increase of 68 per cent since 2002–03.

The 2017-18 GSN reflects implementation of recently ratified labour agreements and regular updates to the GSN, informed by our recent engagement sessions and ongoing technical discussions. As in past years, a summary of these conversations is currently available on the ministry's [website](#). Starting in spring 2017, the ministry will be conducting engagement sessions around the province to discuss rural education and

what improvements can be made for Ontario's students. The ministry looks forward to continuing to work with you to sustain Ontario's achievements in education.

A. Enhancements to Implement the Recently Negotiated Agreements

Trustees' associations, education workers' unions, and teachers' federations have successfully reached nine central agreements. Together, these agreements will provide two additional years of labour stability. They will also enable the ministry and all of our education partners to continue along the path of achieving excellence for Ontario's students.

Of the nine agreements, eight are two-year contract extensions and one is a new two-year agreement. Seven of the agreements have been ratified. All nine agreements will be effective from September 1, 2017 to August 31, 2019. The 2017-18 GSN reflects investments for the first year of the agreements to support the following:

- Modest wage increases and investments in benefits transformation;
- Local priorities funding – including more staffing support for special education students;
- Class size investments for full-day kindergarten (FDK) and Grades 4-8; and,
- Community use of schools and other priorities.

In addition to the GSN enhancements identified above, there are labour-related investments outside of the GSN. Please see the EPO memo for more details.

The parties have agreed that, any terms not included in the 2017-19 agreements, including both central and local terms from the 2014-17 agreements, remain status quo.

Salaries and Professional Development

The ministry will provide a 1.5 per cent salary benchmark increase for staff¹ in 2017-18 (projected to be \$257.2 million).

In addition, the ministry has committed to provide funding for a one-time payment in 2017-18 for professional development, equivalent to the amount that would have been generated if the salary benchmarks for these staff had been increased by 0.5% (projected to be \$85.7 million).

All unions and federations have agreed to conduct a survey of their members on the use of these funds (meant for professional development and other professional expenses) and to provide them to the ministry.

¹ Does not include Principals, Vice Principals or Directors of Education

Employee Health, Life & Dental Benefits Transformation

Inflation protection increases or increases to base funding for the provincial benefits trusts resulting from the agreements will be reflected in updated table amounts for 2017-18. These table amounts will also reflect projected staffing in boards for 2017-18, as well as updates to the underlying board shares of the benefit costs derived from the updated 2014-15 benefit costs for school boards. An additional memo will be available that includes union-specific investments in summer 2017.

Local Priorities Funding

As a result of the education sector labour negotiations, several targeted education investments were discussed, in addition to compensation and benefit enhancements. The ministry has agreed to establish a Local Priorities Fund (LPF) of \$218.9 million in 2017-18 to address a range of priorities including more special education staffing to support children in need, "at -risk" students and adult education. These funds could support about 875 full-time equivalent (FTE) teachers and about 1,600 to 1,830 FTE education workers. Actual staffing will vary depending on specific agreements, local discussions and compensation specific to each board, as well as job security provisions, staffing reductions related to declining enrolment and other exceptions.

Where a labour agreement provides for staffing, the LPF is to be used by school boards to hire teachers and education workers accordingly. As always, this will be done through the creation of new positions or to mitigate against the reduction of positions, subject to the job security provisions outlined in the applicable central agreement. The availability of the LPF does not negate or nullify a board's established budget plan or need to adjust staffing levels through attrition.

However, it is not generally intended that the LPF will be used to simply fund the replacement of the same positions reduced through attrition following the date of this memorandum. Boards that intend to use the LPF in this manner must be prepared to demonstrate local circumstances supporting such use.

Subject to demonstrated local circumstances, where a local union has a concern about the use of attrition, such concerns may be raised at the central dispute resolution committee, where the Crown is a participant.

Community and Other Priorities

The Community Use of Schools Allocation allows boards to reduce the rates for school space used by the community by helping boards with the costs involved with keeping schools open after hours such as heating, lighting, and cleaning. The ministry is providing a 3% increase to this funding (approximately \$0.8 million).

There will also be new funding through the School Boards Administration and Governance Grant to help boards manage the agreements through the Human Resource Transition Supplement (\$10.0 million).

Class Size Investments

The government has made a commitment to invest in reducing large classes in FDK and Grades 4 to 8. This commitment is a part of the government's plan to improve public education and advance student achievement and well-being.

The ministry held consultations with teachers' federations, education workers' unions and trustees' associations. The feedback from these consultations was valuable, and has, in part, shaped the proposed amendments to class size.

Full-Day Kindergarten (FDK)

Currently FDK is funded based on a board-wide average of 26 students per class. For the school year 2017-18, the government intends to implement a class size cap that will prevent large FDK classes. This GSN investment will lower the funded average class size to 25.75 in 2017-18 (projected to be \$16.7 million) to provide additional funding to help boards manage the costs associated with meeting the caps.

The class size regulation will continue to require an average FDK class size of no greater than 26, but will now also require at least 90 per cent of FDK classes to have 30 or fewer students in 2017-18. Up to 10 per cent of FDK classes can reach up to 32 students if they meet one of the following exceptions:

- (a) If purpose-built accommodation is not available (this exception will sunset after five years);
- (b) If a program will be negatively affected (e.g., French Immersion); or
- (c) Where compliance will increase FDK/Grade 1 combined classes.

FDK classes combined with other grades (e.g., FDK/Grade 1) will continue to be subject to other class size requirements (e.g., primary class size).

Additionally, boards must hire an ECE for all FDK classes in the same school and same track in the case where one of those classes has less than 16 students while at least one other class has more than 30.

Grades 4-8 Class Size

In 2017-18, the funded average class size will be reduced to 24.17 (projected to be \$39.6 million).

Over five years, the funded class size average for Grades 4-8 will be reduced to 22.85 for all school boards.

Any board with a regulated Grade 4-8 class size average maximum exceeding 24.5 will be required to reduce its Grade 4-8 maximum class size average to 24.5 within five years. The class size regulation will be amended each year to reduce the maximum class size to the extent that can be supported by the additional funding, or until the board reaches a maximum average class size of 24.5. Boards whose regulated class

size average maximum is at or below 24.5 will not be required to lower their maximum average class sizes.

B. Capital

Capital funding plans related to school renewal are being released today. Details of the other capital funding programs will be provided in the coming weeks in a separate memorandum.

School Condition Improvement (SCI) / School Renewal Allocation (SRA)

The SCI program addresses renewal needs focusing on ensuring facilities are in good condition, energy efficient, accessible and safe. SRA funding improves the more visible elements of schools including flooring, walls, ceilings, playing fields and more.

In June 2016, the ministry announced a historic investment in school renewal funding to keep schools across Ontario in a state of good repair. The ministry will continue to invest at this level for a total of \$1.0 billion in SCI funding in 2017-18. There will also continue to be an additional \$40 million for the SRA. This will bring the SRA to a total projected investment of about \$357 million. This maintains the government's commitment to invest \$1.4 billion in school renewal.

The ministry is committed to continuing this level of investment in 2018-19.

Greenhouse Gas (GHG) Reduction – Immediate Funding Available

The Government of Ontario's Climate Change Action Plan outlines specific commitments for meeting the Government's GHG emissions reduction target by 2020.

The ministry is pleased to announce, as part of the \$1.0 billion investment in SCI funding for the 2017-18 school year, a \$200.0 million initiative that will support the reduction of GHG emissions from facilities in the education sector.

As this priority is urgent, this \$200.0 million is being made available to boards immediately to take advantage of the summer months and will be effective until March 2018.

Eligible expenditures under this program will support the replacement, renewal and installation of new energy efficient building components in older elementary schools, secondary schools and administrative buildings. Energy efficient building components include: energy efficient lighting systems, HVAC systems/controls and other pre-defined enhancements to the building envelope. Additional details will be supplied in a separate memorandum.

C. Indigenous Education

The ministry has engaged with a broad range of stakeholders in discussions focused on funding allocations that support equitable outcomes for all students. This included engagement with First Nation, Métis, and Inuit education partners.

To reflect the ongoing conversations with our indigenous partners, the ministry has changed the name of the First Nation, Métis, and Inuit Education Supplement and its allocations as per the figure below:

Former Title		New Title (2017-18)
First Nation, Métis and Inuit Education Supplement	→	Indigenous Education Grant
Native Languages Allocation	→	Indigenous Languages Allocation
First Nation, Métis and Inuit Studies Allocation	→	Indigenous Studies Allocation

Enveloping the Per-Pupil Amount (PPA) Allocation of the Indigenous Education Grant

In 2017-18, the ministry is enveloping all of the PPA Allocation of the Indigenous Education Grant to ensure this funding is used to support programs and initiatives aimed at improving Indigenous student achievement and well-being and closing the achievement gap between Indigenous students and all students. This amount is projected to be \$25.3 million in 2017-18.

Boards will continue to be required to spend at least \$84,083.77 in 2017-18 on a dedicated Indigenous Education Lead (Lead). Any remaining funds in the PPA must be used to support the implementation of the Ontario First Nation Métis and Inuit Education Policy Framework (Framework) through the Board Action Plan on Indigenous Education.

Updates to the Lead Position

In 2017-18, all boards must allocate at least 1.0 FTE for the dedicated Lead position. The Lead must be hired full-time and must be dedicated only to this role of the Lead. Exceptions may be determined by the ministry in collaboration with school boards² for geographic reasons (northern and rural boards). The Lead will work closely with senior board administration to implement the Framework. Each school board will also be required to identify a Supervisory Officer who is accountable for the implementation of the Framework, and has oversight for the work of the Lead if the Lead is not a Supervisory Officer.

D. School Foundation Grant (SFG)

Starting in 2017-18, the government is making additional investments in supports for school administration through the SFG.

² Boards that receive exceptions to this rule are still required to invest one FTE in the Lead position.

These changes are projected to result in a net investment in the GSN of approximately \$4.6 million in 2017–18, while the total SFG is projected to be \$1.47 billion.

Multi-Building Adjustment

In 2017-18, the ministry is introducing funding for an additional principal for elementary or secondary schools (excludes combined schools) that consist of multiple buildings on the same campus with large enrolment. This investment recognizes differentiated enrolment thresholds for English-language boards and French-language boards recognizing the unique needs of boards operating in a minority language context.

	English-language	French-language
Elementary	Each at least 150 ADE & average at least 300 ADE	Each at least 100 ADE & average at least 150 ADE
Secondary	Each at least 200 ADE & average at least 700 ADE	Each at least 150 ADE & average at least 350 ADE

French-Language Board Adjustment

Also starting in 2017-18, French-language boards’ ‘regular’ schools will generate funding as if they were ‘distant’ schools. This investment recognizes that boards operating in a minority language context may face greater difficulty in meeting school size thresholds. Please refer to the technical guide for more details.

School Foundation Grant Funding Changes

In 2017-18, the School Foundation Grant will provide funding based on a campus definition of a school for the purposes of funding school administration. A campus is defined as property or properties owned, leased or rented by a school board that are linked by a contiguous property line. This change will also affect other grants in the GSN that are based on the definition of a school for the purposes of the School Foundation Grant.

The impacts on GSN funding will be phased-in over four years.

E. Keeping Up with Costs

The GSN has been updated to assist school boards in managing increases to electricity, transportation, and other non-staff school operations costs. In 2017-18, the projected cost is \$31.4 million.

In 2017–18, the Student Transportation Grant will be increased by 2 per cent to help boards manage increased costs. As in previous years, this update will be netted against a school board’s transportation surplus. In addition, funding adjustments due to fuel

price changes will continue to be triggered by the fuel escalation and de-escalation mechanism throughout the school year.

The ministry will also provide a 2 per cent cost benchmark update to the non-staff portion of the School Operations Allocation benchmark to assist boards in managing the increases in commodity prices (natural gas, facility insurance, electricity, and other costs).

F. Ongoing Implementation and Other Changes

In 2017–18, the ministry will continue to implement important GSN reforms that began in prior years. A list of these reforms as well as other in-year changes can be found below. For more information on any of these and additional items, please refer to the technical guide available on the ministry's website.

1. Existing and Prior Labour Agreements

Changes stemming from past labour agreements including investments for principals and vice-principals, as well as the continued phase-out of retirement gratuities.

2. Benefits Investments

Investments to support the ongoing funding of Employee Life and Health Trusts, based on updated costing information, including updated FTE data and projections.

3. School Board Administration and Governance Grant (SBAGG)

2017-18 is the final year of a four-year phase in of the funding model for the SBAGG. There will also be a corresponding change to the Declining Enrolment Adjustment. In addition a change is made to the accountability provisions for French boards that adds the French-language equivalence component of the Remote and Rural Allocation to the limit on net administration and governance expenses, recognizing that school boards operating in a minority language context could face higher costs in obtaining goods and services.

4. School Board Efficiencies and Modernization (SBEM)

2017-18 is also the final year of a three-year phase in of measures introduced in 2015-16 to encourage the management of underutilized school space through the SBEM strategy.

5. Differentiated Special Education Needs Amount (DSENA) Allocation

Changes to reflect the final year of a four-year phase in of a new funding model for the DSENA, and other adjustments.

6. 2011 Census and National Household Survey (NHS)

2017-18 marks the second year of the three-year phase-in of 2011 Census and NHS data to the Indigenous Education Grant and Language Grant.

G. Next Steps in Transformation

Rural Education

As mentioned at the beginning of this memo, starting this spring, the government will launch an engagement on new approaches to supporting education in rural and remote communities. This engagement will include regional in-person engagements throughout rural Ontario as well as an online survey. Discussion topics will balance programming considerations, the need to leverage assets for the benefit of the community where possible, and feedback on funding approaches. Further information and a discussion paper to support the rural engagements will be found at ontario.ca/ruralschools.

Transportation

In response to the Auditor General's recommendation that the Ministry of Education revisit the current student transportation funding formula, the ministry will proceed with a 12 to 18 month multi-stakeholder engagement to solicit input and feedback to renew the vision of student transportation in Ontario.

The engagement will focus on transportation funding principles, the roles of government and school boards, and interactions with other services outside of education.

Feedback gathered from the consultation will be used to inform the following outcomes:

- The delivery of student transportation funding to school boards; and
- Future policy development.

H. School Authorities

As in previous years, funding for school authorities will be adjusted in 2017–18, as appropriate, to reflect changes in funding to district school boards. The ministry will provide further information concerning funding in 2017–18 for school authorities in the near future.

I. Reporting

Dates for Submission of Financial Reports

The ministry has established the following dates for submission of financial reports:

Date	Description
June 30, 2017	Board Estimates for 2017–18
November 15, 2017	Board Financial Statements for 2016–17
November 24, 2017	Board Enrolment Projections for 2018–19 to 2021–22
December 15, 2017	Board Revised Estimates for 2017–18
May 15, 2018	Board Financial Report for September 1, 2017, to March 31, 2018

The ministry expects that Estimates forms will be available in EFIS by April 21, 2017.

J. Information Resources

If you require further information, please contact:

Subject	Contact	Telephone and email
2017-19 Labour Agreements	Brian Blakeley	(416) 325-2836 brian.blakeley@ontario.ca
Benefits Transformation	Romina Di Pasquale	(416) 325-2057 romina.diPasquale@ontario.ca
Capital Policies and Rural Education	Colleen Hogan	(416) 325-1705 colleen.hogan@ontario.ca
Financial Accountability and Reporting Requirements	Med Ahmadoun	(416) 326-0201 med.ahmadoun@ontario.ca
Indigenous Education	Taunya Paquette	(416) 314-5739 taunya.paquette@ontario.ca
Operating Funding	Andrew Bright	(416) 325-2037 andrew.bright@ontario.ca
Special Education	Louise Sirisko	(416) 325-2889 louise.sirisko@ontario.ca
Student Transportation	Cheri Hayward	(416) 327-7503 cheri.hayward@ontario.ca

Conclusion

The ministry looks forward to working in partnership with school boards in the 2017–18 school year. The collaboration, input, and support from school boards and all our partners are key elements in achieving our shared vision for education in our province. Your commitments to achieving excellence for all students and to providing effective leadership are valued. I am confident that, working together, we will build on past success and ensure that our schools continue to be a cornerstone of Ontario's future.

Original signed by

Joshua Paul
Assistant Deputy Minister
Financial Policy and Business Division

cc: School business officials