



2004:B21

MEMORANDUM TO: Directors of Education
Secretaries of School Authorities

FROM: Kevin Kobus
Assistant Deputy Minister

DATE: December 14, 2004

SUBJECT: **Support for Transparency and Stability**

In May, 2004, the government announced a significant increase in school board funding for the 2004-05 school year. At that time, the government also announced that measures would be introduced to encourage boards and staff to enter into longer-term agreements to provide a stable learning environment, to permit boards to hire additional staff, and to improve learning outcomes for our students.

Building on that announcement, the Minister of Education wrote to you and your board chairs on November 29, 2004, on how we intend to protect these provincial objectives by bringing more support, clarity and transparency to school board spending decisions. In his letter, Minister Kennedy discussed how healthy working relationships among all parts of the sector are vital to the progress of students and the education system. The Minister outlined how the government has worked with education stakeholders to build an atmosphere of respect in Ontario's public education system and help lay the foundation for long-term peace and stability.

The purpose of this memo is to provide detailed information about new funding being provided to support the costs of a 2% increase in actual salaries for the 2004-05 school year and the new measures that are being introduced to support improved student performance.

Increased funding to support 2% salary increases

In May 2004, the government announced it was increasing funding for salary benchmarks by 2% to support negotiations across the province. School boards raised concerns that a 2% increase to teachers' salaries would cost more than the salary benchmark increase, because, in many cases, teachers' salaries are significantly higher than the benchmarks.

To address this concern, the Minister announced in his November 29, 2004 letter that the 2% adjustment to salary benchmarks for 2004-05 (and future years) would be based on actual average salaries. The government has amended the 2004-05 funding regulation on this basis.

A new cost adjustment amount has been added to the Teachers Qualifications and Experience Grant to capture the difference between a board's allocation for a 2% salary benchmark increase for teachers, and the cost of a 2% increase to the board's teachers' salaries as of the last salary grid in 2003-04. The calculation of the adjustment and the cost of the last grid are based on the distribution of teachers in the qualifications and experience grid reported in the board's 2004-05 Estimates. Details on the implications of this announcement for non-teaching staff will be released soon.

The total increase in new funding now available for district school boards through this cost adjustment amount is \$10M. A copy of the table (Table 1) showing the additional funding for each board is attached to this memorandum.

New transparency provisions

As announced in May, 2004, it is vital that the new program funding result in new program enhancements and that these decisions be transparent to the community at large. In his letter of November 29, 2004, the Minister announced that, to improve funding transparency, the government would require that the 2004-05 grant enhancements supporting provincial objectives result in a corresponding increase in programming. The government, therefore, has amended regulations to require school boards to spend a specified portion of their 2004-05 funding enhancements on improvements in supports and services for students.

The new approach calculates a target amount that each school board must spend on improvements to programs for students in the 2004-05 school year. This calculation is made by determining the amount of new funding available for improved student programs and services based on enhancements to five specific allocations.

Targeting new funding to improvements for students

Funding was increased in the 2004-05 school year for two purposes. Some funding enhancements were intended to help school boards "keep up" with higher costs, including the costs of collective agreements. Other enhancements were intended to help school boards "catch up" by providing funding for new programs to improve student achievement.

Increases intended to support student achievement include the Primary Class Size Reduction Amount, the Demographic component of the Learning Opportunities Grant (LOG), and the English as a Second Language (ESL)/English Skills Development (ESD), and Perfectionnement du français (PDF)/Actualisation linguistique en français (ALF) components of the Language Grant. Similarly, the increase in the Distant Schools Allocation through the Good Schools Open initiative is intended to support improved staffing and other costs in small and rural schools, and to support better outcomes for students in these schools. The new transparency provisions include a calculated amount related to the 2004-05 enhancements to these allocations that boards must spend on improvements that enhance student achievement.

The calculation of the target amount to be spent on improvements to students' programs and services begins with the sum of specified enhancements as follows:

Each board's share of enhancements from:

- the Primary Class Size Reduction Amount;
- the 2004-05 increase in the Demographic component of LOG;
- the ESL/ESD (for English-language district school boards) components of the Language Grant;
- the ALF/PDF (for French-language district school boards) components of the Language Grant; and
- the 2004-05 increase in the Distant Schools Allocation of the Geographic Circumstances Grant.

To reach the target amount, the sum of the enhancements is reduced by an adjustment to permit boards to meet pressures from teacher salary increases granted in 2003-04 for part of the year or end of contract, if the school board so chooses. It should be noted that the target amount is a minimum figure only. School boards are strongly encouraged to look to other sources, such as efficiencies or re-aligned spending priorities, wherever possible, to bring spending on student program improvements to a level more in keeping with their level of total enhancements.

Note that to reflect an accurate estimate of the enhancements for improving student programs, the calculations above for LOG, ESL/ESD, and ALF/PDF exclude the impacts of the 2% adjustment to salary and non-salary benchmarks, announced in May, that are embedded in these allocations.

Also, to recognize that French-language school boards are already directing, as intended, significant resources to students who need extra supports, only part of the enhancement for ALF is included.

The government has established the target amount for each school board and has set these out in a table in the amended regulation. A copy of the table (Table 2) is attached to this memorandum.

Demonstrating increased spending for improvements for students

Boards are expected to demonstrate that they have spent the target amount on improved programs and supports for students. Spending on improved program supports will be measured in two ways: increases in staffing for specific categories, and increases in supplies, services, and equipment in specific categories.

Increases in staffing:

The envelope includes staffing listed below, excluding all staffing for special education (since special education is subject to separate requirements) and staffing for continuing education programs. Staff included in this calculation are:

teachers
teacher assistants
principals
vice-principals
professionals and paraprofessionals
coordinators and consultants
clerical and secretarial staff employed in schools.

The staffing included falls into those categories within the meaning of columns 2 and 3 of Appendix H of the Ministry's 2004-05 Estimates forms.

The new provisions require a calculation of the cost to the board of the increase in the number of FTE staff on a per-pupil basis, as follows:

$$\left[FTE \text{ in } 2004 - 05 - \left(FTE \text{ in } 2003 - 04 \times \frac{2004 - 05 \text{ ADE}}{2003 - 04 \text{ ADE}} \right) \right] \times \frac{\text{the board's average salary in } 2003 - 04}{\text{salary in } 2003 - 04} \times 1.02$$

This calculation will recognize a board's higher costs for new staff within the 2% compensation increase guideline.

This calculation is done separately for each staffing category and summed to the level of the board for the purposes of this provision. For this reason, lower costs from staffing reductions on a per-pupil basis (where these occur) will offset higher costs from staffing increases on a per-pupil basis in different types of staff.

The regulation also contains a provision to allow a school board to seek the Minister's approval for recognition of an increase in staffing in the applicable categories that, as a result of extraordinary circumstances, is not reflected in the calculations required by the regulation. The Ministry will provide further information, as soon as possible, about the process for boards wishing to seek approval for additional expenditures in special circumstances.

Increases in expenditure for supplies, services, and equipment:

Expenditures included are those within the meaning of the categories in Schedule 10 of the Ministry's 2004-05 Estimates forms in rows 51 to 62 inclusive and row 67, columns 4 to 12 inclusive, less expenditures in the same cells in Schedules 10A and 10B (special education expenditures).

The provisions require a comparison of a board's expenditures in these categories in both 2003-04 and 2004-05, adjusted for changes in enrolment and for the 2% increase

in benchmarks implemented for the 2004-05 school year. Where a board's total expenditure on a per-pupil basis in these categories is greater than in 2003-04, the increased spending above 2% is recognized for the purpose of the envelope.

The regulation also contains a provision to allow a school board to seek the Minister's approval for recognition of an increase in expenditures in the applicable categories that, as a result of extraordinary circumstances, is not reflected in the calculations required by the regulation.

The Ministry will also provide further information, as soon as possible, about the process for boards wishing to seek approval for additional expenditures in special circumstances.

Expenditures supported by initiatives outside the Grants for Student Needs

The government has announced several initiatives to support improved student achievement that will provide additional resources to school boards outside the Grants for Student Needs funding regulations, such as funding for additional learning resources. Boards should exclude from their calculations those reported expenditures for staff, supplies, services, and equipment that are supported by provincial grants other than the Grants for Students Needs.

Protecting New Program Spending

If a school board does not increase its spending on supports to students by the amount calculated according to the amended regulation, the board is required to place the amount by which it does not meet the spending requirement into a dedicated Program Improvement reserve.

Funding placed in reserve should be used for improved programs and services for students, and the government expects boards will direct these reserves for this purpose in a timely fashion. The Ministry plans to consult with school boards to develop rules for funds to be placed in this reserve.

Improving reporting transparency in 2005-06 and future years

The new reporting builds on similar measures in place for the primary class size initiative, the Learning Opportunities Grant, and the Good Schools Open initiative. This new requirement is an important step in improving transparency of funding, ensuring all partners in education understand how resources are being used to support our shared goal of improved student achievement. It is also an important step in our goal of developing a comprehensive, streamlined reporting process that avoids duplication.

The Ministry will work in partnership with school boards to reduce the administrative burden while, at the same time, making reporting more effective and transparent. Over the course of the current school year, the Ministry will be establishing a technical working group to develop proposals for a more streamlined and transparent reporting system, to be implemented in the 2005-06 school year.

The Minister's letter indicated school boards will be required to report publicly on labour agreements, indicating, among other basic information, the source of funds used to support those agreements. More details will be provided about this requirement as soon as possible.

Further technical information

The Transfer Payments and Financial Reporting Branch will release further information showing the calculations used for these new requirement as soon as possible. For further information about the new provisions outlined above, or the Ministry's intent concerning improved transparency in financial reporting in future years, please contact:

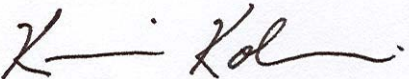
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Conclusion

Improved student achievement is a goal we all share. I appreciate your commitment to helping the government meet the objective of improving student achievement, and your continuing efforts in working with us to establish a climate of respect that supports long-term peace and stability.



Kevin Kobus
Assistant Deputy Minister
Business and Finance Division

Attachments

TABLE/TABLEAU 1
COST ADJUSTMENT AMOUNT/SOMME LIÉE AU REDRESSEMENT DES COÛTS

Item/Point	Column/Colonne 1	Elementary/ Élémentaire	Secondary/ Secondaire
	Name of Board/Nom du conseil	Amount/Montant \$	Amount/Montant \$
1.	District School Board Ontario North East	35,933	27,316
2.	Algoma District School Board	31,494	25,107
3.	Rainbow District School Board	33,877	23,961
4.	Near North District School Board	40,867	22,878
5.	Keewatin-Patricia District School Board	23,445	19,098
6.	Rainy River District School Board	13,092	11,269
7.	Lakehead District School Board	39,605	29,154
8.	Superior-Greenstone District School Board	14,456	18,298
9.	Bluewater District School Board	69,937	53,797
10.	Avon Maitland District School Board	57,833	46,688
11.	Greater Essex County District School Board	121,585	65,729
12.	Lambton Kent District School Board	52,581	61,417
13.	Thames Valley District School Board	276,526	165,684
14.	Toronto District School Board	1,095,772	610,497
15.	Durham District School Board	218,160	137,007
16.	Kawartha Pine Ridge District School Board	107,718	75,251
17.	Trillium Lakelands District School Board	56,927	34,607
18.	York Region District School Board	375,008	231,834
19.	Simcoe County District School Board	195,001	104,670
20.	Upper Grand District School Board	101,020	64,052
21.	Peel District School Board	542,744	251,280
22.	Halton District School Board	134,753	80,452
23.	Hamilton-Wentworth District School Board	140,903	85,230
24.	District School Board of Niagara	153,184	98,349
25.	Grand Erie District School Board	105,422	73,846
26.	Waterloo Region District School Board	211,814	129,145
27.	Ottawa-Carleton District School Board	258,000	187,971
28.	Upper Canada District School Board	98,206	67,658
29.	Limestone District School Board	50,424	56,851
30.	Renfrew County District School Board	26,096	18,379
31.	Hastings and Prince Edward District School Board	46,421	31,354
32.	Northeastern Catholic District School Board	4,300	925
33.	Nipissing-Parry Sound Catholic District School Board	7,332	5,927
34.	Huron-Superior Catholic District School Board	4,060	2,929
35.	Sudbury Catholic District School Board	6,630	2,664
36.	Northwest Catholic District School Board	5,573	0
37.	Kenora Catholic District School Board	2,964	1,709
38.	Thunder Bay Catholic District School Board	25,144	12,570
39.	Superior North Catholic District School Board	5,098	0
40.	Bruce-Grey Catholic District School Board	6,032	4,406
41.	Huron Perth Catholic District School Board	4,309	2,289
42.	Windsor-Essex Catholic District School Board	68,136	29,694
43.	English-language Separate District School Board No. 38	32,177	24,431
44.	St. Clair Catholic District School Board	16,816	8,379
45.	Toronto Catholic District School Board	363,113	200,399
46.	Peterborough Victoria Northumberland and Clarington Catholic District School Board	13,954	8,683
47.	York Catholic District School Board	178,768	94,038
48.	Dufferin-Peel Catholic District School Board	274,610	180,276
49.	Simcoe Muskoka Catholic District School Board	36,782	21,197
50.	Durham Catholic District School Board	73,354	35,657
51.	Halton Catholic District School Board	28,959	32,940
52.	Hamilton-Wentworth Catholic District School Board	23,668	30,446
53.	Wellington Catholic District School Board	3,202	2,335
54.	Waterloo Catholic District School Board	53,352	27,947
55.	Niagara Catholic District School Board	0	0

Item/Point	Column/Colonne 1	Elementary/ Élémentaire	Secondary/ Secondaire
	Name of Board/Nom du conseil	Amount/Montant \$	Amount/Montant \$
56.	Brant Haldimand Norfolk Catholic District School Board	26,835	10,848
57.	Catholic District School Board of Eastern Ontario	16,565	7,617
58.	Ottawa-Carleton Catholic District School Board	88,584	50,346
59.	Renfrew County Catholic District School Board	9,153	3,466
60.	Algonquin and Lakeshore Catholic District School Board	10,878	7,438
61.	Conseil scolaire de district du Nord-Est de l'Ontario	1,102	676
62.	Conseil scolaire de district du Grand Nord de l'Ontario	3,123	3,696
63.	Conseil scolaire de district du Centre Sud-Ouest	2,818	1,698
64.	Conseil de district des écoles publiques de langue française n° 59	4,269	1,550
65.	Conseil scolaire de district catholique des Grandes Rivières	12,558	5,742
66.	Conseil scolaire de district catholique Franco-Nord	2,293	2,136
67.	Conseil scolaire de district catholique du Nouvel-Ontario	5,378	5,291
68.	Conseil scolaire de district catholique des Aurores boréales	398	278
69.	Conseil scolaire de district des écoles catholiques du Sud-Ouest	3,762	1,588
70.	Conseil scolaire de district catholique Centre-Sud	8,703	2,487
71.	Conseil scolaire de district catholique de l'Est ontarien	9,043	4,363
72.	Conseil scolaire de district catholique du Centre-Est de l'Ontario	16,356	4,756

TABLE/TABLEAU 2
PROGRAM IMPROVEMENTS AMOUNT/SOMME LIÉE À L'AMÉLIORATION DES
PROGRAMMES

Item/Point	Column/Colonne 1	Column/Colonne 2
	Name of Board/Nom du conseil	Amount/Montant \$
1.	District School Board Ontario North East	868,510
2.	Algoma District School Board	1,169,551
3.	Rainbow District School Board	1,300,383
4.	Near North District School Board	832,014
5.	Keewatin-Patricia District School Board	998,809
6.	Rainy River District School Board	494,541
7.	Lakehead District School Board	563,283
8.	Superior-Greenstone District School Board	450,356
9.	Bluewater District School Board	0
10.	Avon Maitland District School Board	671,543
11.	Greater Essex County District School Board	2,195,967
12.	Lambton Kent District School Board	1,061,596
13.	Thames Valley District School Board	4,057,224
14.	Toronto District School Board	44,892,918
15.	Durham District School Board	1,514,863
16.	Kawartha Pine Ridge District School Board	1,966,004
17.	Trillium Lakelands District School Board	1,094,383
18.	York Region District School Board	9,512,225
19.	Simcoe County District School Board	2,177,792
20.	Upper Grand District School Board	859,441
21.	Peel District School Board	15,942,192
22.	Halton District School Board	418,020
23.	Hamilton-Wentworth District School Board	2,859,238
24.	District School Board of Niagara	1,964,096
25.	Grand Erie District School Board	1,125,899
26.	Waterloo Region District School Board	1,249,343
27.	Ottawa-Carleton District School Board	4,458,267
28.	Upper Canada District School Board	2,003,294
29.	Limestone District School Board	1,916,553
30.	Renfrew County District School Board	762,050
31.	Hastings and Prince Edward District School Board	840,541
32.	Northeastern Catholic District School Board	460,851
33.	Nipissing-Parry Sound Catholic District School Board	82,426
34.	Huron-Superior Catholic District School Board	558,649
35.	Sudbury Catholic District School Board	449,549
36.	Northwest Catholic District School Board	138,869
37.	Kenora Catholic District School Board	111,365
38.	Thunder Bay Catholic District School Board	221,336
39.	Superior North Catholic District School Board	472,416
40.	Bruce-Grey Catholic District School Board	441,909
41.	Huron Perth Catholic District School Board	703,775
42.	Windsor-Essex Catholic District School Board	1,970,686
43.	English-language Separate District School Board No. 38	1,534,795
44.	St. Clair Catholic District School Board	845,654
45.	Toronto Catholic District School Board	9,851,673
46.	Peterborough Victoria Northumberland and Clarington Catholic District School Board	640,376
47.	York Catholic District School Board	2,049,962
48.	Dufferin-Peel Catholic District School Board	5,832,946
49.	Simcoe Muskoka Catholic District School Board	0
50.	Durham Catholic District School Board	0
51.	Halton Catholic District School Board	761,503
52.	Hamilton-Wentworth Catholic District School Board	1,248,002
53.	Wellington Catholic District School Board	528,081
54.	Waterloo Catholic District School Board	1,254,126

Item/Point	Column/Colonne 1	Column/Colonne 2
	Name of Board/Nom du conseil	Amount/Montant \$
55.	Niagara Catholic District School Board	707,975
56.	Brant Haldimand Norfolk Catholic District School Board	510,718
57.	Catholic District School Board of Eastern Ontario	1,045,063
58.	Ottawa-Carleton Catholic District School Board	1,374,902
59.	Renfrew County Catholic District School Board	652,396
60.	Algonquin and Lakeshore Catholic District School Board	968,333
61.	Conseil scolaire de district du Nord-Est de l'Ontario	385,650
62.	Conseil scolaire de district du Grand Nord de l'Ontario	904,320
63.	Conseil scolaire de district du Centre Sud-Ouest	1,567,705
64.	Conseil de district des écoles publiques de langue française n° 59	2,185,228
65.	Conseil scolaire de district catholique des Grandes Rivières	2,059,960
66.	Conseil scolaire de district catholique Franco-Nord	799,847
67.	Conseil scolaire de district catholique du Nouvel-Ontario	1,627,770
68.	Conseil scolaire de district catholique des Aurores boréales	401,983
69.	Conseil scolaire de district des écoles catholiques du Sud-Ouest	1,579,514
70.	Conseil scolaire de district catholique Centre-Sud	2,196,876
71.	Conseil scolaire de district catholique de l'Est ontarien	3,123,696
72.	Conseil scolaire de district catholique du Centre-Est de l'Ontario	3,348,358