

January 14, 2008

The Honourable Kathleen Wynne
Minister of Education
Mowat Block, 14th Floor
900 Bay Street
Toronto, ON
M7A 1L2

Dear Minister Wynne:

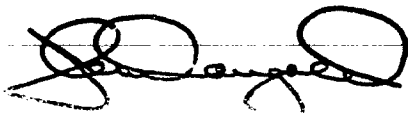
RE: 2008/09 Grants for Student Needs

On November 30, 2007, you wrote to School Board Chairs inviting school boards to provide input to the development of the Grants for Student Needs for 2008/09. At the meeting of the board held on January 8, 2008, the board received the attached report. Minister, I know that from previous discussions, you are well aware of our concerns and we appreciate this opportunity to update you on these issues.

On behalf of the board, thank you for this opportunity to provide input in the Ministry's consultation on the 2008/09 Grants for Student Needs. I have been contacted by Amy Olmstead, Director of Policy who invited staff and myself to meet with her and Ministry staff regarding this information.

As well, I welcome the opportunity to discuss these issues with you, at your convenience.

Sincerely,



Janet McDougald
Chair

c. Amy Olmstead
Peel MPPs

Trustees

Janet McDougald, Chair
Ruth Thompson, Vice-Chair
Valerie Arnold-Judge
Beryl Ford
David Green
Steve Kavanagh

Brad MacDonald
Suzanne Nurse
Don Stephens
Allison Van Wagner
Jeff White
Rick Williams

Director of Education and Secretary
Jim Grieve

**Associate Director,
Instructional Support Services**
Judith Nyman

**Associate Director,
Operational Support Services**
Wayne McNally

Peel District School Board

Submission to the Minister of Education Regarding the Development of 2008/09 Grants for Student Needs

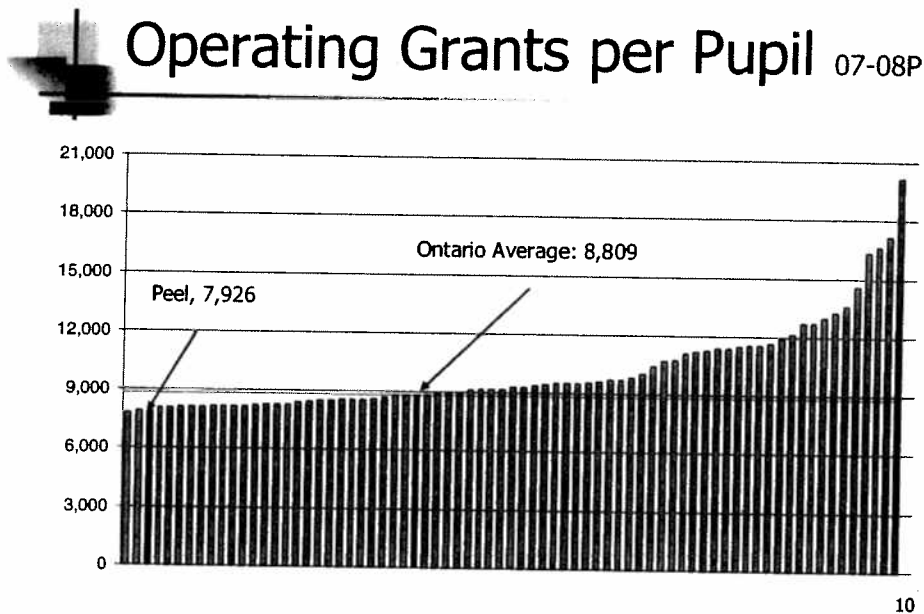
December 2007

INDEX

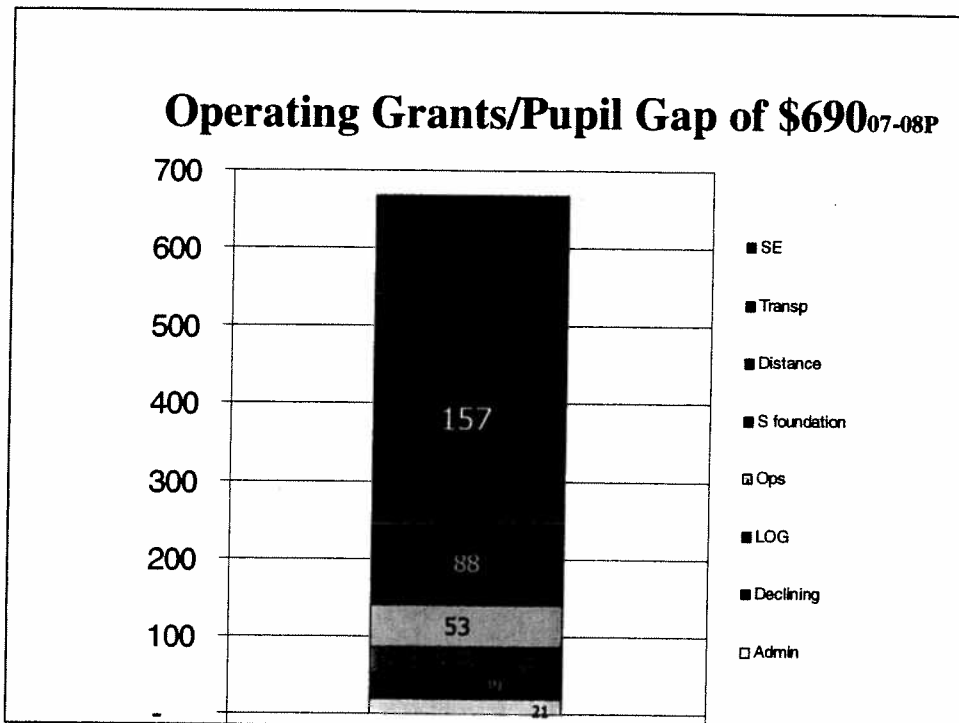
- 1. Introduction**
 - 2. Overview of Peel District**
 - 3. What Differentiates Peel District School Board**
 - 4. Concerns Regarding Current Funding Model**
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1. Introduction

Peel's concern with respect to the current education funding model stems from the fact that Peel is ranked third lowest in the province in terms of per pupil operating grant at \$7,926 per student. Peel's per pupil operating grant falls short by \$883 in comparison to the provincial average per pupil operating grant. The following chart illustrates Peel's third lowest ranking in terms of grant per pupil:



The education funding model recognizes the unique characteristics of individual school boards and funds school boards on a differential basis through special purpose grants that are designed to create equity in terms of educational opportunity. However, Peel is concerned that a key component of the model relating to funding for student transportation is inadequate in recognizing the current need and cost of student transportation in this region. Also, other existing components of the funding model have not been kept current and so do not recognize the rapid changes due to growth and immigration in this region. Finally, the current model does not adequately recognize the unique and extraordinary financial pressures placed on this board due to the pace of development and growth in this region. The following chart illustrates the funding gap by special purpose grant component:



The above chart indicates on average the gap from the provincial average of all boards in Ontario. After negating the impact of offsetting expenditures the real gap is \$690 per student resulting in an approximate funding gap of \$97 million.

2. Overview of Peel Region

Peel is a complex, diverse and rapidly growing region attracting a large share of the new immigrants. Geographically, Peel includes inner-city, suburban and rural areas. Some unique characteristics of Peel are:

- Second fastest rate of population growth in Ontario and one of the fastest in Canada (see charts below)
- Extensive ethnic diversity, where 43% of the population are immigrants, more than 60 different languages
- There are 17,820 students from Grades 1-8 and 1,955 students from Grades 9-12 in an ESL, English literacy program

Population and Growth Rates for the GTA and Peel's Area Municipalities, 1996, 2001 and 2006						
	Population					
	1996	2001	2006	Growth Rate: 1996-2001	Growth Rate: 2001-2006	Growth Rate: 1996-2006
Toronto	2,385,421	2,481,494	2,503,281	4.0%	0.9%	4.9%
Mississauga	544,382	612,925	668,549	12.6%	9.1%	22.8%
Brampton	268,251	325,428	433,806	21.3%	33.3%	61.7%
Caledon	39,893	50,595	57,050	26.8%	12.8%	43.0%
York	592,445	729,254	892,712	23.1%	22.4%	50.7%
Durham	458,616	506,901	561,258	10.5%	10.7%	22.4%
Halton	339,875	375,229	439,256	10.4%	17.1%	29.2%
GTA	4,628,883	5,081,826	5,555,912	9.8%	9.3%	20.0%

Source: Statistics Canada, 2006

Peel Data Centre – Region of Peel, Population Counts in Peel and the GTA

Top ten ethnic origins	Total responses
Total population	985,565
Canadian	189,415
English	160,310
East Indian	124,410
Scottish	106,205
Irish	101,080
Italian	85,020
Polish	51,835
Portuguese	50,975
French	49,015
Chinese	47,990

Source: Statistics Canada, 2001

Portraits of Peel – Facing the Facts (United Way of Peel Region)

Peel Region - http://www.greatertoronto.org/investing_reg_04.htm

3. What Differentiates Peel District School Board

- Highest growth rate of all school boards in Ontario
- Diverse student population
- High growth of new comers to the region
- Larger school sizes
- Higher utilization of schools
- Averaging six new schools per year
- Additions to existing schools
- Key statistics are:

	PDSB	Province	%
Enrolment	141,577	1,934,456	7.3%
Operating Funding	\$1.1B	\$17.0B	6.5 %
Operating Funding per student	\$7,926	\$8,809	Gap \$883/student
Number of facilities - Elem	193	4,007	4.8 %
Number of facilities – Sec.	38	899	4.2 %
Average utilization –Elem	109.3%	91.6%	
Average utilization – Sec.	105.4%	93.2%	
Average school size – Elem.	493	322	53%
Average school size – Sec.	1,113	758	47%

4. Concerns Regarding Current Funding Model

Student Transportation Funding

School boards are in the ninth year of a student transportation funding formula that is based on 1997 expenditure levels adjusted for enrolment growth and some cost escalation. Since 1998 the Ministry of Education has been undertaking a review of this formula in various forms either through pilot projects or statistical surveys and benchmarking of costs and service levels. There has been a growing inequity between school boards in terms of student transportation funding versus expenditure, due primarily to the timing of consortium development and the implementation of operational efficiencies (pre 1997 versus post 1997).

Most recently the Ministry has commenced effectiveness & efficiency reviews of transportation consortia with the intention to identify operational efficiencies or funding adjustments so as to close the gap on expenditure versus funding for each consortium. The Peel consortium has been reviewed resulting in an initial grant adjustment of \$3 million and the Ministry has expressed their intention to review the consortium's progress with respect to implementing the recommendations from this review and further adjust the Board's funding in the 2007/08 fiscal year. For Peel, the current under funded position is \$6.5 million annually. A summary of Peel's student transportation funding and expenditure is as follows:

(Millions of dollars)	1998/99	1999/00	2000/01	2001/02	2002/03	2004/05	2005/06	2006/07	2007/08
Funding	\$17.8	\$18.7	\$19.6	\$21.3	\$23.5	\$26.1	\$27.8	\$29.7	\$33.0
Expenditures	\$18.0	\$20.4	\$23.4	\$26.0	\$27.7	\$32.0	\$38.1	\$39.2	\$39.5
Shortfall	\$0.2M	\$1.7	\$3.8	\$4.7	\$4.2	\$5.9	\$10.3	\$9.5	\$6.5

RECOMMENDATION:

THAT the results of the route optimization review and implementation of the recommendations from the E&E review result in mid year sustained funding in the 2007/08 year.

Larger Schools & Greater Reporting Requirements

Peel's schools are on average 53% (elementary) and 47% (secondary) larger than the provincial average. While this generates some operational efficiencies, it does require a higher resource for Vice Principals. The School Foundation Grant introduced in 2006/07 addressed the needs of small schools, however, this new approach resulted in a loss of \$4.6 million in grant for Peel DSB on a year over year basis. In August of 2007 the Ministry announced enhanced funding for 2007/08 which included increased funding for Vice-Principal positions in large schools. While this enhancement in funding has closed the staffing gap significantly, it still falls slightly short of the actual number of Vice-Principals that Peel allocates to the system.

In addition, greater reporting requirements have impacted school administrative staff. The impact of ONSIS & PSAB reporting requirements and greater administrative tasks resulting from Bill 52 – Learning to 18 and Bill 212 – Progressive Discipline and School Safety amendments to the Education Act have placed an increased burden on schools.

	Old Model		New Model		Variance	
	Elementary	Secondary	Elementary	Secondary	Elementary	Secondary
Students/Principal	363.7	908.7	497.4	1,186.4		
# of Principals	265.3	47.0	194.0	36.0	(71.3)	(11.0)
Students/VP	1,332.7	666.3	691.7	520.9		
# of Vice- Principals	72.4	64.1	139.5	82.0	67.1	17.9
Students/Secretary	272.5	187.7	269.1	209.3		
# of Secretaries	354.1	227.6	358.5	204.1	4.4	(23.5)

RECOMMENDATION:

THAT the Ministry monitor the impact of recent legislative changes and more intensive reporting requirements on school administrations and adjust the school foundation grant to recognize the additional cost of administration related to these issues.

Salary & Benefit Gap:

The provincial framework agreement meant that there was a one to one relationship between funding for teacher salaries and actual costs for teacher salaries. In 2006/07, the Ministry increased salary benchmarks by 8.3% for teachers and for school administration staff (principals, vice-principles and secretaries). This change recognized the salary gap based on a provincial average and did not recognize the actual salary costs that boards are incurring. For the teacher, principal, vice-principal and secretary positions, the funding gap on salaries & benefits is \$21 million. In August 2007 the Ministry did announce enhanced funding for salaries & benefits for other support staff, such as education assistants, professionals and para-professionals, custodial and maintenance staff and board administration staff. Even with the enhanced funding actual average salaries & benefits for these staff categories continue to be significantly higher than that funded.

RECOMMENDATION:

THAT the Ministry fund the actual average salary & benefit benchmarks for all teacher and non-teacher staff categories.

Secondary Student Credit Load

The Foundation grant funds a maximum of 7.5 credits per secondary student. Peel's experience has exceeded this, resulting in the hiring of additional teachers. The following chart details the average secondary student credit load and the impact in terms of additional teachers and cost:

Year	Avg. Cr. Load	Teachers	Impact
2007-2008	7.664	52	\$4.2M
2006-2007	7.648	47	\$3.6M

RECOMMENDATION

THAT the Ministry fund the additional cost of staff required due to the actual secondary student credit load exceeding 7.5 credits.

Extraordinary Growth

School board funding is primarily driven by student enrolment. As school boards experience declining enrolment, the funding model recognizes that certain costs do not decrease in direct proportion to the decrease in enrolment. Similarly, boards that are experiencing extraordinary growth encounter cost pressures that are not fully recognized by the current funding model.

Accommodation

Peel's growth requires the provision of accommodation on a timely basis to meet the influx of students, resulting in the need to relocate portable classrooms. Peel has in place 739 portable classrooms and in the current year has been required to relocate 288 portable

classrooms at an average cost of \$31,000 per move for a total cost of approximately \$8.9 million. There is no recognition in the current funding model for this cost resulting from Peel's extraordinary rate of growth. Peel's growth also creates additional student transportation requirements, staffing requirements and results in other additional costs.

RECOMMENDATION

THAT the Ministry provide funding specifically for the relocation of portable classrooms.

THAT the Ministry undertake a study to fully explore the extraordinary costs encountered due to growth.

Special Education

The special education grant provides funding for exceptional pupils and other students who require special education programs and supports. The high needs funding has been frozen since the cycle 5 review resulting in a deficit in the envelope of \$8.1M in 2004/05, \$8.8M in 2005/06, \$4.8M in 2006/07 and \$5M for 2007/08. On a per pupil basis, the Special Education funding gap is \$192/student, equating to a funding shortfall of \$27M.

RECOMMENDATION

THAT the Ministry develop and implement a more needs based funding approach that addresses the variability of high needs students.

Learning Opportunities Grant (LOG)

Currently, the Learning Opportunities Grant provides funding in three different components (Demographic, Literacy and Math, Student Success). The Early Literacy component in the 2006/07 year was transferred and used to align with other grants to address the salary gap. Initially, when this component was introduced, Peel utilized this funding to establish a new program for early literacy costing approximately \$2.7 million. This program continues today to enhance student success although the funding does not. The Demographic component uses factors that do not fully recognize the current needs of the diverse and growing student population and community served in Peel. On a per pupil basis the LOG funding gap is \$49/ student equating to a funding shortfall of \$4.3 million over and above the \$2.7 million from the Early Literacy Program.

RECOMMENDATION

THAT the Ministry adequately recognize Peel's demographic characteristics and enhance the funding model based on the latest census data.

Primary Class Size (PCS) Initiative

Preparing for implementation of the primary class size cap in 2007/08 is a priority for Peel. The board has worked closely with the Ministry to identify the need for primary class size pupil places at each of our elementary schools. The Ministry and the Board have approved primary class size space needs for 2005/06 and 2006/07 of 4,991 pupil places, amounting to \$80.2 million worth of capital construction. These additional pupil places will be created through the construction of additions at many elementary schools in Peel. There are two concerns that are evident at this early stage of our process to create these additional pupil places:

- The Board may not have all of the additional pupil places in place for 2007/08 and so will require some consideration with respect to transitional program equivalency as an option to deal with a shortage of available space.
- Some of the initial primary class size additions have met with extraordinary demands for additional improvements to the existing school and site by the local municipalities in terms of gaining building permit approval. These demands will create significant additional cost for these projects that is not within the capital funding envelope identified for PCS. The board will explore options in terms of containing these costs but this has and will cause delays in the construction of these pupil places.

RECOMMENDATION

THAT the Ministry continue to make available to school boards the option of transitional program equivalency for additional primary class size teachers where separate classrooms are not available.

THAT the Ministry and Board work together to resolve these additional and extraordinary demands that are placed on some PCS projects by local municipalities.

Provincial Framework

The provincial framework and the additional related funding from the Ministry did leave school boards with some permanent and unfunded financial impacts. Peel was required to cover the additional cost of the 13.4 minutes of preparation time amounting to \$2.8 million. In addition, to meet the supervision time requirements in the 2006/07 school year, the board has established a budget for lunchroom supervision in the amount of \$1.5 million and for 2007/08 school year \$1.1M has been budgeted.

RECOMMENDATION

THAT the Ministry fund all costs as a result of Provincial bargaining outcomes.

Tax Remittance Interest Costs

Approximately 40% Peel's revenue is received from the local tax base, remitted to the board by the local municipalities. The remaining 60% of Peel's revenue is received from the Ministry of Education. The Ministry remits funds on a monthly basis. The taxes are collected by the municipalities in advance of the quarterly tax remittance dates to the school board. This results in the requirement to borrow on a short term basis at an approx. cost of \$1.9 million annually. These costs vary from one school board to the next, based on the proportion of revenue collected locally. These interest costs are not funded.

RECOMMENDATION

THAT the Ministry fund all interest costs as a result of cash flow shortfalls due to Municipal timing of receipts.

Goods and Services Tax (GST)

In the 2005-2006 school year, Peel paid \$7.5 million in GST after applicable rebates. School boards are required to pay GST at a rate of 5% (as of January 1, 2008) on all goods and services except textbooks and food. We are then rebated at 68% of the GST paid after submitting a monthly claim. This means that, in effect, we must pay a net GST rate of 1.60% on a range of essential items, including instructional school supplies; computers and related software and peripherals; utilities; constructional materials and services; professional fees, benefits administration, legal fees and consultants.

The Government of Canada has agreed to rebate municipalities 100% of their GST to enable cities and towns to invest in their communities. We are asking that school boards be given the same consideration, considering our partnership role in supporting viable and healthy communities.

We believe that the Federal government should rebate 100% of the GST paid by school boards. In the past, Peel has taken a strong position on this issue and the Canadian School Boards Association has also made this request of the Government of Canada. We believe that this one decision would help infuse millions of dollars to classrooms across the province, providing additional and immediate funding for children.

RECOMMENDATION

THAT the Minister of Education write to the Minister of Finance of Canada to request that school boards be rebated for 100% of GST paid.

New Safe Drinking Water Regulations

In August 2007 the Provincial Government enacted Ontario Regulation 243/07 made under the Safe Drinking Water Act, 2002. The new legislation requires school boards to conduct testing for lead in the water systems of all schools in accordance with prescribed criteria. The legislation also requires daily flushing of the plumbing system in all schools. The board has incurred incremental costs related to additional custodial time, water tests and bottled water amounting to \$360,000 annually. In addition there will be additional water consumption costs related to the daily flushing.

RECOMMENDATION

THAT the Ministry increase the school operations grant to compensate school boards for the additional costs that will be incurred as a result of Ontario Regulation 243/07, amendment to the Safe Drinking Water Act, 2002.