

Harris-era Hangovers

Toronto School Trustees'
Inherited Funding Shortfall

Hugh Mackenzie





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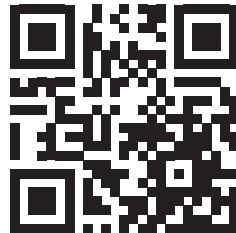
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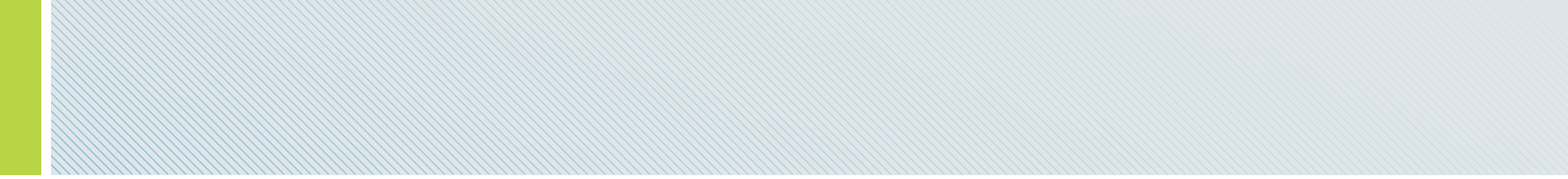
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Executive Summary

For several years, the Toronto District School Board (TDSB), the largest school board in the province, has been mired in a series of controversies related to the governance and administration of Toronto's public school system. Those controversies came to a head in December 2014 with the appointment by the Minister of Education of a "reviewer" to investigate the workings of the TDSB and make recommendations for change.

That review was made public by the minister on January 15, 2015. While the recommendations dealt primarily with the internal workings of the board, the one substantive recommendation focused on school space and what it considered to be the TDSB's reluctance to close "underutilized" schools. The Minister followed up that recommendation with a direction to the Board to produce a school closure plan by the 13th of February 2015. The report, and the minister's immediate endorsement of its recommendations, fails to take into account the broader problems at play. This report attempts to do so by examining the legacy of the Mike Harris-era school board funding formula that trustees across Ontario have inherited. It details how Toronto's public school trustees in particular are dealing with a funding formula so flawed, they have little room to maneuver.

The TDSB is not only the largest school board in the province, it is also the board that has faced the most extreme funding pressures as a result of the provincial government's takeover of responsibility for education funding under Premier Mike Harris almost two decades ago.

The most obvious symptoms of those pressures are the annual gaps that appear between the funding allocated to the TDSB by the provincial government and the funding it needs to maintain activities and programming from one year to the next. The TDSB's annual provincial funding gap is significant and it's not getting any smaller. In 2012, it was \$109 million; in 2013, there was another \$50 million; and in 2014 a further \$30 million.

That gap keeps growing, but the province has failed to fix the problems caused by its Harris-era funding formula. Instead, it has chosen to ignore the need for renewal, choosing instead to focus on high-profile new initiatives.

This paper identifies two principal flaws with the province's stewardship of elementary and secondary education funding in Ontario:

- **None of the basic problems with the funding formula the Harris government introduced in 1997 has been addressed.** The basis of that formula — a 1950s' view of education as “reading, writing and arithmetic” taught by a teacher in a formal classroom setting — is out of touch with modern educational realities. Everything else that most people think of as part of a contemporary education (physical education, field trips, art classes, libraries) was permitted but not funded. And the one-size-fits-all approach to funding benchmarks has resulted in a structure that is largely insensitive to legitimate differences in the drivers of costs among school boards.
- **The government is not paying the full cost of the new programs it has mandated.** Overall spending on elementary and secondary education may have increased by 20% since the Liberal government came into power in the 2003–04 school year, but serious funding gaps remain. While the current Ontario government has introduced major new programs like smaller class sizes and full-day kindergarten, it is not funding the full cost of its initiatives. School boards have been forced to make cuts elsewhere to make up the shortfall.

This paper addresses the specific issue of the funding of school space highlighted by the ministerial directive, identifying fundamental problems with the way school space needs are determined and funded:

- Inadequate provision of space for educational “frills” such as art, music and physical education;
- The use of uniform benchmark allocations for special education and other specialized uses, rather than a bottom-up calculation based on actual requirements;
- Inadequate provision of space for adults participating in credit programs;
- The lack of any funded allocation of space for ancillary education and community use;
- The use of arbitrary uniform per-student space allocations as the basis for funding as opposed to a bottom-up calculation based on actual school facilities in use;
- Funding for space on a flat per square metre basis, ignoring both historical differences in costs and current differences in cost drivers; and
- Constraints on new school construction that prevent school boards from building new schools in growing areas if they have vacant space anywhere else in the school board area, regardless of its location.

This paper also addresses the broad range of other issues with the formula which serve to create and reinforce gaps between what the funding formula provides and what Ontario students need:

- The amount of funding provided by the government to employ the number of early childhood educators required for changes to the early learning program, such as full-day kindergarten, is \$1,669.97 per early learning student. The program actually costs the TDSB significantly more than that: 24% more, or \$2,066.97, per student. At a difference of \$400 per full-day kindergarten student, and with a total of approximately 36,500 full-day kindergarten students in the Toronto system, the TDSB’s funding shortfall for the provincial early learning program will be an estimated \$14.6 million in 2014–15.
- The foundation grant used to fund non-classroom services in schools, such as libraries, is provided on an arbitrary, top-down basis instead of being based on what people expect to find in a fully functioning school. For example, in 2014–15, the grant provides 1.31 teacher-librarians per 1,000 elementary students — meaning a school must

have 763 students enrolled to fund one librarian. With the average elementary school size in Ontario consisting of 340 students and consisting of 363 students in Toronto, many schools don't have fully functioning libraries. If the foundation formula actually worked from the bottom up and provided one librarian per elementary school, it would cost the province \$322 million, which is \$179 million more than the formula currently funds. In Toronto, providing one librarian in every elementary school would require an additional \$20 million.

- The grant system that forms the basis of the funding formula means that changes in the mix or distribution of grants can affect school boards disproportionately. Such shifts don't always make sense: In 2004–05, the TDSB received 14.2% of provincial funding for special education; in 2014–15, it is projected to receive 12.3%. That 1.9% share shift compares with an enrolment share loss of only 0.6%. The funding shift will have an adverse impact on the TDSB's finances, with the missing 1.3% of provincial funding in 2014–15 amounting to \$37 million in missing revenue.
- No matter how you slice it, the dollar amount of the learning opportunities grant is not enough to cover actual program needs of at-risk students. This problem stretches back almost twenty years. In 1997 an expert panel recommended \$400 million as a floor amount for the learning opportunities grant, based on actual expenditures on at-risk students — the Harris government chose to provide \$158 million instead. The amount of the grant under successive Liberal governments still falls short. Adjusted for inflation, the 1997 recommended funding level of \$400 million would be \$555 million, but the current grant level is still only \$350 million. The TDSB's portion (about 30%) of that \$205 million difference would be \$60 million.
- Grants intended to fund additional support for children whose first language is neither English nor French are also falling short of actual needs, particularly in areas like Toronto, where immigrant populations are large and diverse. Simply to bring funding to the level recommended by Ontario's auditor general would require at least an additional \$55 million in the TDSB system.
- On top of this, both the learning opportunities grant and the language grants are being diverted away from intended programming for at-risk students to offset funding gaps elsewhere.

- Elementary and secondary school enrolment in Ontario has been slowly declining for roughly a decade. From 2002 to 2014, the TDSB experienced an enrolment decline of 13.7%. The TDSB's declining enrolment grant has consistently fallen far short of what would be required to cushion even the most recent year's funding loss from declining enrolment.

The paper concludes that more tinkering around the edges of a fundamentally flawed education funding formula will only create more problems for the TDSB and for all Ontario school boards. To reflect the realities of the 21st century, a complete overhaul of the funding formula is necessary.

Introduction

Public elementary and secondary education in Ontario is a massive undertaking. The sheer scale of the system is impressive.

Across the province, there are 1.97 million students, 125,000 teachers, more than 5,000 schools, and an operating budget of \$22.5 billion – more than the total program spending of six of Canada's ten provinces.

In Toronto, there are approximately 335,000 students, 22,000 teachers, 800 schools, and a combined operating budget of nearly \$3.9 billion, which is more than twice the entire budget of the province of Prince Edward Island.

Despite the scale of the public undertaking represented by public education in Ontario, little attention is paid to the system at the local level. Of all the school boards in the province, what happens at the Toronto District School Board (TDSB) tends to dominate the news. The annual ritual of shortfalls in provincial funding, followed by cuts to education programming and staffing, produces a flurry of activity every spring as school board trustees attempt the impossible: to balance rising needs and expectations with insufficient resources.

This paper examines the funding pressures the TDSB continues to face after years of underfunding.

School Funding Overview

In 1997, the provincial government took control of all education spending in Ontario. In almost every year since, the TDSB and many other school boards in the province have been forced to cut programs. That's the legacy of the

Harris government years: school boards engaging in an annual process to reduce the persistent gap between the level of funding provided by the provincial government and the funding required to maintain programming. At the TDSB in 2012, the funding gap was \$109 million. In 2013, the gap grew by another \$50 million. In 2014, it grew by another \$30 million. Although not as highly publicized, the Toronto Catholic District School Board has had to deal with annual funding gaps of approximately \$20 million.¹

At the same time that school boards have been wrestling with funding gaps, we hear from the provincial government that overall funding for education has increased substantially since the Liberals were elected in 2003. Contradictory as they may seem, both of these claims are correct: there are funding gaps and some school spending has gone up since 2003.

There have been two major contributors to increased spending: class sizes have been reduced, and the province unveiled the first real expansion in Ontario's school system in a generation — full-day kindergarten and junior kindergarten. Both of those initiatives have had a significant impact on the provincial education budget. As a result, overall elementary and secondary education spending has increased by 20% since the 2003–04 school year on a per-student basis (taking inflation into account).

There are six key explanations for this apparent paradox:

1. The deeply flawed school funding formula for elementary and secondary education, designed by Mike Harris's Progressive Conservative government and inherited by the Liberal government when it was elected in 2003, has never been fixed. The longer the funding formula remains neglected, the more school boards are forced to work around the problem by diverting funds from dwindling grants meant to support additional services for high-need students.
2. The Ontario government is not actually paying the full cost of the new programs it has mandated. The leading current example is the introduction of full-day kindergarten and junior kindergarten. Both initiatives are supported by a funding formula whose benchmark amounts fall far short of actual costs in school boards like the TDSB. As a result, school boards have been forced to make cuts elsewhere to make up the funding shortfall in the early learning program.
3. There are substantial differences in enrolment patterns between school boards, within school boards, and between elementary and secondary schools. The Ontario government's approach to address-

ing these inequities has been inadequate. While there is a special grant intended to assist boards dealing with declining enrolment, it is based on unrealistic assumptions about: the relationship between costs that are fixed and costs that vary with enrolment; the length of time it takes to manage variable costs down to reflect enrolment reductions; and the extent to which the impact of enrolment reductions in one part of a board's operations can be offset against the impact of enrolment increases elsewhere.

4. There is no explicit provision for the funding of discretionary programming to meet local needs and circumstances. Although every comprehensive review ever conducted of education funding in Ontario has recommended an allocation of between 5% and 10% of the education budget to support local priorities not addressed by the general funding formula, in 2006 the Ontario government stripped the local priorities funding that had been added to the formula in the Harris era.
5. Even post-Harris era funding adjustments impose pressures on Toronto school board budgets. For example, Toronto school boards reduced services for pupil transportation and diverted the funds to other uses. When the Ontario government increased funding for transportation in 2013, however, it clawed back part of that surplus.
6. The government has essentially left untouched the narrow view of education embedded in the funding formula introduced by the Harris government in 1997: education consists only of activities and expenditures that are (directly or indirectly) related to a teacher standing in front of a classroom teaching reading, writing and arithmetic. Specialized programs, such as music and art, and common services, such as libraries and school lunch programs, were not prohibited – but they were not funded. In an environment where the Ontario government continues to exercise full control over the amount of funding available, those programs and services continue to be vulnerable. The widely respected independent parent group People for Education has reported a steady erosion of provincial programs like music and art as well as services like libraries.

No single one of these factors fully explains the continuing budgetary squeeze afflicting Ontario's elementary and secondary school boards in general and the Toronto boards in particular. Rather, each year's budget squeeze has been the net effect of a number of these factors taken together. Each time a

program or service is constrained or eliminated as a result of budget pressures, it contributes to death by a thousand cuts.

From the perspective of the provincial government, this is part of the genius of the funding system for elementary and secondary education. The government is fully responsible for the level of funding provided but local school boards bear the consequences and are accountable for the results. Despite the government's complete control over funding, there is no provincial accountability mechanism for the performance of and funding for the system as a whole.

The closest we have come to an accountability mechanism since the current funding formula was introduced in 1997 was the Rozanski Review, which held hearings across the province on the performance of the funding formula and reported on them in December 2002. Rozanski's exercise was the fulfillment of a commitment by the Harris government to conduct a comprehensive public review of the funding formula on a five-year cycle. If the province had stuck to that schedule, it currently would have just completed its third review in 15 years. Instead, it has been more than a decade since the last review was completed.

Funding isn't the only thing that matters, but it does matter a lot. Perhaps, then, it is time for a reality check. This review looks in greater depth at each of these factors.

Funding Formula Gaps and Shortfalls

School Operations

The focal point of the provincial government's cost-cutting exercise aimed at school boards across the province in general and at the Toronto District School Board has been a claim that boards have been spending wastefully on unused school space. In fact, however, a closer look at the formula for funding school space reveals that it is actually the province's narrow, arbitrary, and inflexible approach to funding school space that lies behind the controversy. If there is a gap between what is funded and what is needed, the source of the gap has more to do with shortcomings in the government's approach to funding than with "wasteful" decisions by school boards.

The following section examines issues raised by the funding formula for school space:

1. Space allocations per student and the focus on education basics

The original allocations of space per student were based on benchmark values developed from the floor plans for new elementary and secondary schools designed to accommodate 350 to 450 students for elementary and 1,400 students for secondary. For the elementary benchmark areas, there were three reference schools, two in the Catholic system and one in the public system; one in Simcoe; one in Niagara; and one in Lakehead in Northern Ontario. For the secondary benchmarks, two schools were used, one a Catholic School in York Region and the other a Catholic school in Dufferin-Peel.

When it became clear that this one-size-fits all approach was not going to work in all schools across the province, a system was developed to adjust measured capacity to reflect higher-than-assumed areas in individual schools. However, the system never took the obvious step of providing funding based on the actual layouts of the actual schools in a school board's system. As a result, insufficient funding continued to be provided for specialized facilities and common spaces.

2. Space allocations for special education

While there was some space dedicated to special education classrooms in the original 1996 reference schools, that space simply flows into the standardized per-student allocation which, in turn, defines a school's utilization rate. It is not related in any way to the actual space allocated for special education programming.

One clear indicator of the problem raised by this approach is the fact that a significant number of the schools identified as underutilized in the TDSB system, for example, are in special needs schools – schools which have small class sizes, dedicated break-out rooms, and facilities designed to support students' specialized needs. To put it bluntly, a 39% utilization rate in a school like Lucy McCormick, a special needs school characterized by small class sizes and many specialized supports, is not 60% vacant.

A bottom-up approach to determining space requirements – looking at actual schools and the actual educational activities taking place in those schools – would produce a much more accurate and realistic picture than the current mechanical linkage between head counts and capacity based on classroom area.

In concrete terms, among the list of 130 “underutilized” schools released by the TDSB at the beginning of February 2015:

- 19 schools are designated as “section 23 schools”, hosting treatment centres run by outside agencies
- 10 are designated as “Caring and Safe Schools” delivering specialized programs for special education students
- 9 are designed for children with mild to severe physical and developmental disabilities.

3. Space allocation for adult credit programs

Many school boards – particularly those serving significant immigrant populations – provide credit programs for adults working towards a secondary school graduation certificate. These are students taking the regular high school curriculum on exactly the same basis as students under the age of 21. These students are not funded at the same level as regular high school students, however. Funding for school programming for adults is \$3,341 per student; for students under age 21, \$5,741.

School space allocated for adult students is also lower than for students under age 21. Adult students are allocated 9.29 square metres per student as compared with 9.7 square metres for elementary students and 12.07 square metres for secondary students.

On the list of 130 schools released by the TDSB, 22 schools have adult education programs; five are essentially fully devoted to adult education. Those five schools serve over 7,000 students.

4. Space allocation and funding for non-credit adult programs

The funding formula makes no provision at all for adult continuing education. There is no support in the formula for programming. And no funding is allocated to support the use of school space for adult continuing education programming. Given the provincial government’s supposed commitment to the support of lifelong learning and the role that school-based programs play in filling the gap left by community college programs, the lack of support for adult continuing education delivered through the school system would appear to be short-sighted.

5. Community and non-education programming use of school facilities

Many of the headline-grabbing issues related to the use of school facilities revolve around the use of school facilities for purposes other than JK to 12 education. For example, of the 130 schools on the list released by the TDSB at the beginning of February 2015:

- 51 have child care centres; and
- 29 have parenting and family literacy centres.

In addition, it is common across Ontario and, in Toronto in particular, for schools to provide community resources such as swimming pools, playing fields, playgrounds, arenas, and park-equivalent green space as well as serving as a focal point for community-based voluntary organizations.

6. The space allocation formula

Rather than basing funding on the configuration of the actual school buildings operated by a board, the formula is driven by an arbitrarily determined fixed number of square feet (later square metres) per student. As a result, schools with large classrooms or substantial common spaces could easily end up full, based on normal class sizes, but with significant amounts of unfunded space. This issue was addressed in part by allowing for funding of a cushion amount of unused space. However, the provincial government has used and is continuing to use a steady shrinking of that cushion to put pressure on school boards to reduce their use of space.

7. Funding levels for school space

When the funding formula was first introduced, it provided funding for school operations at \$5.20 per square foot of required and funded space. That amount applied uniformly, across the province, regardless of actual operating. Remarkably, it was revealed by the government in court proceedings in 1998 that the \$5.20 amount was calculated as the median of the per square costs paid by the 122 school boards in existence before the funding formula was introduced. As a result, funding for school operations in the entire province was based on the average cost per square foot reported by the middle two boards in the original list of 122: the Brant County and Kent County Roman Catholic Separate School Boards. In effect, the Brant county and Kent County RCSS Boards effectively determined the level of funding for every school board in the province and, in fact, after adjusting for inflation, still do so today.

Even then, the figure of \$5.20 per square foot was not representative of 1997 operating and maintenance costs for school facilities in Ontario. Overall, the average cost for the 122 boards was \$5.31. Weighted by total space – i.e. to derive the average cost of operating a square foot of school space in

Ontario – the average was \$5.44. Toronto’s cost per square foot was the 11th highest in the province, at \$6.58 per square foot.

Changes were made in the early years of the formula: an adjustment reflecting the age of school buildings, an allowance for less than full capacity utilization as noted above, and various specific changes focused primarily on schools in remote and rural areas, again as noted above. However, the fundamental problems remain. The uniform cost benchmark means that school boards in higher cost areas, like Toronto and the far north, are disadvantaged relative to other school boards. The age adjustment is based on average age rather than the actual age of individual school buildings and makes no adjustment beyond an average age of 20 years. Over the past five years, the provincial government—as a lever to pressure boards to close underutilized schools—has reduced the funding allowance for schools using less than 100% of their rated capacity.

Despite the importance of maintaining a safe and healthy physical environment for education, there are no standards in place for school operations and maintenance. School boards are free to spend as much or as little as they wish. This has given rise to a strategy of sorts of deferring maintenance expenditures to the point of crisis as a way to attract additional funding.

8. Building new schools for growing areas

In general, school boards are not permitted to invest in new schools if there are underutilized schools in other parts of the board’s geographic area. What this means, in practice, is that school boards with a mixture of mature and rapidly growing communities are prevented from accommodating growth if there is vacant space in the mature area, even where the two areas are separated by long distances.

School Closures

In the continuing controversy over the operations of the Toronto District School Board and the behaviour of its trustees, the one substantive issue that has been put forward as a symbol of the board's failure to fulfill its responsibilities is its failure to close schools so as to bring the space used by the board into conformity with the space funded by the Ministry.

At the same time, the provincial government is carrying out consultations in preparation for the issuance of new guidelines for Pupil Accommodation Review, the process school boards are required to go through prior to closing a school. One of the premises of that consultation process is a claim by the Ministry that over \$1 billion is currently being spent on vacant space in the school system that could be allocated to other "core education" purposes, an amount that is characterized as being "wasted".

When one looks more closely at the \$1 billion claim, however, it turns out that what counts as "waste" is a series of inflated estimates of everything in the funding formula over and above what it would cost to provide standard instructional classrooms in a standard-sized modern template school which is used to 100% of its capacity and is located in a compact urban area. Funding to support small schools in geographically remote areas is defined as funding for vacant space. Funding to allow for the fact that it is impossible to plan enrolment over the life of a school building so as to ensure full occupancy is counted as funding for vacant space. Funding to allow for demographically driven enrolment fluctuations is counted as funding for vacant space. The number is bogus.

According to details provided in the government's consultation paper on the pupil accommodation review process², the Ministry of Education breaks down its claim that \$1 billion is being spent on vacant space as follows:

\$253.1 million from school operations grant and school renewal grant for unutilized space.

\$201.4 million from the geographic circumstances grant.

\$56 million from the Declining Enrolment Adjustment.

\$842.2 million from the School Foundation Grant.

These numbers may add up to more than \$1 billion. But they don't add up to spending on vacant space that could be allocated elsewhere.

The operations and renewal grant funding is required to take account of the reality that with students in 14 different school years in a constantly shifting demographic environment, it is a practical impossibility to operate school buildings at 100% of their capacity all of the time. This funding is gradually being reduced as the unutilized space allowance is reduced.

The geographic circumstances funding is required to take into account the fact that schools in rural and remote areas incur higher costs, including in some instances, the operation of small schools with smaller-than-standard class sizes.

Declining enrolment funding was introduced to allow for the fact that functions which are funded on the basis of student head count cannot easily or quickly be scaled downwards when enrolment declines. This grant is provided on a temporary basis, and has been declining steadily in recent years.

The School Foundation Grant was added to the funding formula in recognition of the fact that certain school level costs – a principal, a school secretary etc. – cannot be subdivided on a per-student basis. It replaced a provision in the basic Pupil Foundation Grant that, for example, funded a school principal based on assumed enrolments of 363 students in elementary and 909 in secondary. The School Foundation Grant is driven primarily by the number of schools in the system. Among other attributes, it performs some of the support previously delivered through the rural and remote schools and geographic circumstances grants for smaller schools in rural and remote areas. The suggestion that \$842.2 million of a grant totaling \$1,429.8 million is directed towards underutilized space – 59% of the total – is simply not credible.

The figure of \$1 billion may be useful for a government attempting to build support for school closures across the province. But it adds nothing to the real debate about how schools in Ontario are used and funded.²

School-Based, Non-Classroom Services

Funding for school-based, non-classroom services such as libraries is constrained by the structure of the foundation grant, which, as the name suggests, is the source of funding for the core of what the formula recognizes as “education.”

The foundation grant is expressed as a number of dollars per student, determined by adding together per-student funding amounts for various components. Because these component amounts are built on a per-student basis, they establish implicit class and school sizes required to generate full funding for each component.

For example, the 2014–15 elementary foundation grant provides for 1.31 teacher-librarians for each 1,000 students. That implies an elementary school needs 763 students to generate enough funding for a librarian. The average elementary school size in Ontario in 2014–15 was 340 students; it was 363 students in Toronto. Obviously, the funding formula is not designed to ensure that every elementary school has a fully functioning library.

Elementary guidance services are funded at 0.2 guidance counselors per 1,000 students. Based on the average school size in 2014–15, that means one guidance counselor for every 14.7 schools (13.8 in Toronto).

Even at the secondary level, the formula doesn’t generate enough to pay a full-time school librarian for the average school. Under the formula, it takes 910 secondary students to generate funding for one librarian. The average size of a secondary school in 2014–15 is projected to be 665 students.

There is a glaring gap between the basis for funding under the foundation grant and the real world of schools. The fundamental problem is that funding tied strictly to enrolment assumes students are free-floating instead of organized into classrooms. Classrooms themselves are not free-floating either. They exist in schools. Rather than provide funding on an arbitrary, top-down basis, foundation funding should be based on an assessment of what people expect to find in a properly functioning school. Funding would then be driven by the cost of providing that standard of service in real-world school facilities.

For example, if we consider it important to ensure that every elementary school has a fully functioning library, there is enough information available to the government to provide the funds needed to ensure every school has a teacher-librarian.

The formula provides funding for 1,778 elementary school librarians to serve the 3,986 schools across Ontario — approximately \$144 million in funding. Providing one librarian per elementary school would require \$322 million. So, to illustrate the potential impact of a bottom-up approach to funding, a policy to ensure one librarian in every elementary school would cost an additional \$179 million. In Toronto, providing one librarian in every elementary school would require an additional \$20 million.

At-Risk Students

The learning opportunities grant was established to provide additional funding “for students whose education is at risk because of their social and economic circumstances.”³ In conjunction with the development of the new funding formula, the Harris government appointed an expert panel to advise it on the construction of a learning opportunities grant.

The panel’s key recommendations were as follows:

- The allocation of the grant should be based on the numbers of at-risk students in a board’s student population, using demographic factors as a proxy measure of the number of students at risk.
- Demographic measures used to proxy at-risk students should include poverty, parental education, refugee status, and aboriginal status; the basis for allocation should be kept up to date as new demographic data become available.
- The Ministry should conduct a detailed analysis of the additional programming costs associated with equalizing opportunity for students at risk, both within a student population and among at-risk students in different parts of the province.
- The panel estimated that boards’ 1997 expenditures on at-risk students were approximately \$400 million and suggested that amount as a floor for the initial learning opportunities grant allocation.
- School boards should be required to report annually on the distribution of learning opportunities grant allocation funding among schools, the programs funded by the grant, and the results achieved.

None of the original recommendations was followed. No analysis was ever conducted of the need for at-risk student programming across the province.

At \$158 million, the initial level of funding allocated was less than half the panel's estimate of boards' actual spending on at-risk programs in 1997.

Adjusted for inflation, the 1997 recommended funding level of \$400 million would be \$555 million, compared with the current level of funding for the demographic portion of the learning opportunities grant of \$350 million. The TDSB's portion (about 30%) of that \$205 million difference would be \$60 million.

No accountability mechanism was ever created for the learning opportunities grant. In fact, the government chose not to require boards to spend the allocated funding on at-risk students, essentially treating the learning opportunities grant as one of a number of fund-generating "engines" in the formula with no strings attached to its actual end use. Boards are free to allocate these funds as they see fit and, in particular, to use the funds as back-fill for gaps in provincial funding for mandatory core services.

As has been reported recently in a study by Social Planning Toronto, that is exactly what is happening.⁴ Grants like the learning opportunities grant and the language grants are being used to offset funding gaps – not to fund special programming for at-risk students.

Clear recommendations were made in the original learning opportunities grant expert panel report for further analysis of programming needs for at-risk students, and again in the 2002 report of Rozanski's Education Equality Task Force.⁵ Yet the government has no better idea of the investment required to achieve Ontario's educational objectives for at-risk students in 2013 than it did in 1997, when it set the initial funding level at less than half the rate that its expert panel estimated represented boards' actual expenditures.

Language

In looking at how the funding formula addresses issues like the need for additional support for children whose first language is neither English nor French, it is hard to avoid the impression that some features of the formula are designed to appear to be addressing issues without actually addressing them seriously. Funding falls far short of what is actually needed.

The english as a second language (ESL) and perfectionnement du français (PDF) grants are identified as supporting additional services for students whose first language is not English or French. Most of the funding generated by the grants is based on a head count of the number of students who entered schools in Canada within the past four years. The formula generates additional funding of \$3,885 for a student who had been in Canada for

less than one year as of September 1 of the school year. The formula allocates 85% of that amount for students who have been in Canada between one and two years; 50% for students who have been in Canada between two and three years; and 25% for students who have been in Canada between three and four years.

The language grants raise several issues. First, only the first four years of a student's time in Canada generate additional funding. That means, for example, that a child who came to Canada as a baby would not qualify for additional assistance, even if the language spoken at home was not English and the child had no opportunity to learn English prior to attending school. Children born in Canada do not generate any additional funding, regardless of their circumstances at home.

This issue was highlighted in a 2007 review of ESL programming conducted by Ontario's auditor general. In his report,⁶ the auditor found as follows:

A key issue for this type of program is identifying the point at which students no longer require services. The schools we visited generally reduced supports for elementary students after they reached Stage Three, defined ... as the use of English "independently in most contexts." For students who started school at Stage One (the use of English "for survival purposes"), service was typically provided for two or three years. However, a 2002 study of the long-term academic achievement of ESL students in the United States stated "students with no proficiency in English must NOT be placed in short-term programs of only one to three years ... [T]he minimum length of time it takes to reach grade-level performance in [the] second language is four years."

The study's conclusion was consistent with the views expressed by some educators we interviewed that decisions to reduce or eliminate support after students reach Stage Three were often based on resource limitations rather than sound pedagogy. Although teachers told us that services would be resumed in cases of very poor academic performance, this practice does not address the needs of students performing below their potential due to marginal English skills, who would benefit from continued service.

Other jurisdictions have recognized the need for a more rigorous basis for determining when to end service. For example, New York State requires its school boards to provide ESL services until students achieve a level of English proficiency defined by the state and measured annually by its English as a Second Language Achievement Tests.

Another problem with the language grant is that it fails to take into account the impact or intensity of ESL requirements on programming needs because the ESL formula follows the overall pattern of linking support to individual students. For example, the additional programming requirements for a student depend, in part, on the ESL needs of the other students in a class. A classroom with a single ESL student calls for a much different category of additional resources than a classroom in which more than half of the students have such needs. A classroom with ESL students from a limited range of language backgrounds calls for a different level of additional resources than a classroom in which ESL students come from a wide range of language backgrounds. This is a particular problem for school boards in Toronto and the surrounding area, where immigrants tend to be concentrated in particular places and where sources of immigration are extremely diverse.

Finally, and most important, there is no guarantee or even an expectation that ESL/PDF funding will actually be spent on programming for students facing language issues.

Simply to bring funding for those students currently recognized as requiring ESL assistance to the four-year standard set out in the provincial auditor's report, the TDSB would require at least an additional \$55 million, and the Toronto Catholic District School Board at least an additional \$19 million.

Adult Day Programs

Adult day students are funded at a rate of \$3,341 per full-time equivalent student, compared to secondary school funding of \$5,740 per student. These students are taking exactly the same curriculum as students under the age of 21. Across the province, the underfunding of adults studying the provincial curriculum adds up to roughly \$112 million. In Toronto, the difference between secondary and adult day program funding is approximately \$20 million.

Inadequate Funding for New Initiatives

When the McGuinty government was elected in 2003, it faced a political dilemma in funding for elementary and secondary education. On one hand, it had made election promises to reduce class sizes in primary schools, with significant financial implications for the system.⁷ On the other hand, it had inherited a funding shortfall estimated at \$1.4 billion.⁸ The government de-

cided that it could not afford to fulfill its election promises and repair the funding formula. It chose to fund its election platform, ignoring the problems with the funding formula.

The decision to focus on program enhancements rather than system renewal had two consequences for elementary and secondary education funding. First, it allocated resources that could have been used for system renewal. Second, because the enhanced funding for these new initiatives was based in part on the same unrealistic cost benchmarks that bedeviled the pre-existing system, the enhanced funding provided to school boards for program improvements was insufficient. It forced boards to allocate unfunded resources to support the new programs.

That process has continued. As noted above, technical changes were made to address shortcomings in funding benchmarks, most notably to bring funding for teachers in line with boards' actual employment costs for teachers. But those changes were funded by reallocating funds from the learning opportunities grant and cancelling the local priorities component of the foundation grant. This shuffling of funding categories left the aggregate funding problem unchanged.

The implementation of the province's most recent major education initiative, full-day kindergarten and junior kindergarten along with other early learning changes, followed the pattern established in the government's first term. Significant additional funding has been allocated to the school system specifically to implement a new provincial priority program. And just like the government's first-term initiatives, using unrealistically low cost-benchmarks as the basis for funding new initiatives means that, for most boards, the government is not providing enough new money.

For example, according to the Ministry of Education's description of its 2014–15 funding for the early learning program, funding for full-time equivalent students is allocated, in part, based on \$1,666.97/per student for employing early childhood educators.

The funding description indicates that this amount is based on an assumed annual pay rate of \$30,005 plus 26.71% for benefits, or a total of \$38,019. The problem is that this rate of pay bears no necessary relationship to what boards actually have to pay early childhood educators.

Funding allocated through the formula translates to an hourly rate, including benefits, of \$32.66 (\$38,019 divided by 194 days and by six hours per day). In the case of the TDSB, the actual hourly rate paid for early childhood educators is \$31.92 per hour plus benefits. Assuming the same benefits percentage, the TDSB's cost would be \$40.50 per hour – 24% higher than the

ministry's allocation. Instead of \$1,669.97 per student, the TDSB's cost to employ the number of early childhood educators required under the early learning program would be 24% more, or \$400 more per student.

At a difference of \$400 per full-day kindergarten student, and with a total of approximately 36,500 full-day kindergarten students in the Toronto system, the TDSB's funding shortfall for the provincial early learning program will be an estimated \$14.6 million in 2014–15.⁹

Adjusting for Declining Enrolment

In large-scale demographic shifts, the school system absorbs the most visible indicators of change. That was true in the 1960s, when the baby boom generation entered the school system and enrolment exploded. It was true in the early-1980s, when post-boomers dominated. It was true again in the late-1980s and early-1990s when the echo generation (the children of the baby boom generation) entered the system. And today, demographic shifts underlie the fact that elementary enrolment has begun to grow again in Toronto at the same time as secondary enrolment continues to decline.

Similarly, shifts in immigration policy have direct implications for the school system, both quantitative and qualitative.

These trends would pose significant challenges to any school system, regardless of funding structure. They pose a particular challenge to a school system as centrally controlled and with funding as closely tied to enrolment as it is in Ontario. School populations are shrinking, but not at the same rate across all school boards. School populations are shifting geographically, both within school board jurisdictions and between jurisdictions. And the demographic structure of the school population is also in constant flux.

While the trend is obvious, the response is not nearly as clear. Does it make sense to close schools and sell off surplus land? Not if the decline in enrolment is only short-term. And in large, densely populated urban areas with extremely high property values, does it make sense to sell off a school that will be needed within a few years?

Will an enrolment decline reduce operating costs proportionally? Not necessarily, if the characteristics of the student population also change. Not necessarily, depending on how the decline is distributed within the municipality. And not necessarily in the short term, but perhaps more likely over a much longer time horizon.

Overall, elementary and secondary school enrolment in Ontario has been slowly declining for roughly a decade. Furthermore, the phenomenon is no longer concentrated in a small number of boards in older urban areas or in rural and northern Ontario. It is a general phenomenon affecting almost all boards. In 2011–12, for example, 55 of the 72 school boards in the province experienced declines in enrolment, with an average enrolment decline of 0.6%.

To its credit, as declining enrolment became more general within the Ontario system, the provincial government made adjustments to the funding formula intended to take into account the challenges faced by boards in adjusting their expenditures in response to enrolment declines.

The formula was altered in two respects. First, it was recognized that some expenditures linked to enrolment could not be adjusted immediately. A grant called the declining enrolment adjustment was originally introduced for the school year 2002–03. This grant has been adjusted several times since its introduction, initially to make it more generous to school boards and, more recently, to make it less costly for the provincial government.

While the declining enrolment grant makes sense in principle, there are significant problems with it in practice. It assumes, implicitly, that a fixed proportion of costs will vary directly with enrolment. In general, however, that is not the case. The extent to which it is not the case varies depending on student population and school board geography.

The grant also assumes that all of the expenditure adjustments a board must make in response to declining enrolment can be made within three years of the decline. In some cases, that may be true. But the period of adjustment required will vary from area to area, depending again on student population and school board geography, as well as the period of enrolment decline. The task of managing an enrolment decline in a large board experiencing a one-time decline in enrolment is quite different from the task in a smaller board that has been experiencing steady reductions in enrolment over a number of years.

The second adjustment to the formula addressed the effect of enrolment changes in 2006–07, with the introduction of the school foundation grant. This grant covers school-based administrative costs that had previously been funded from a combination of the enrolment-based foundation grant and a number of special purpose grants related to geographic location. The notable feature of the school foundation grant is that its starting point is the school, rather than the individual student. While it is linked to

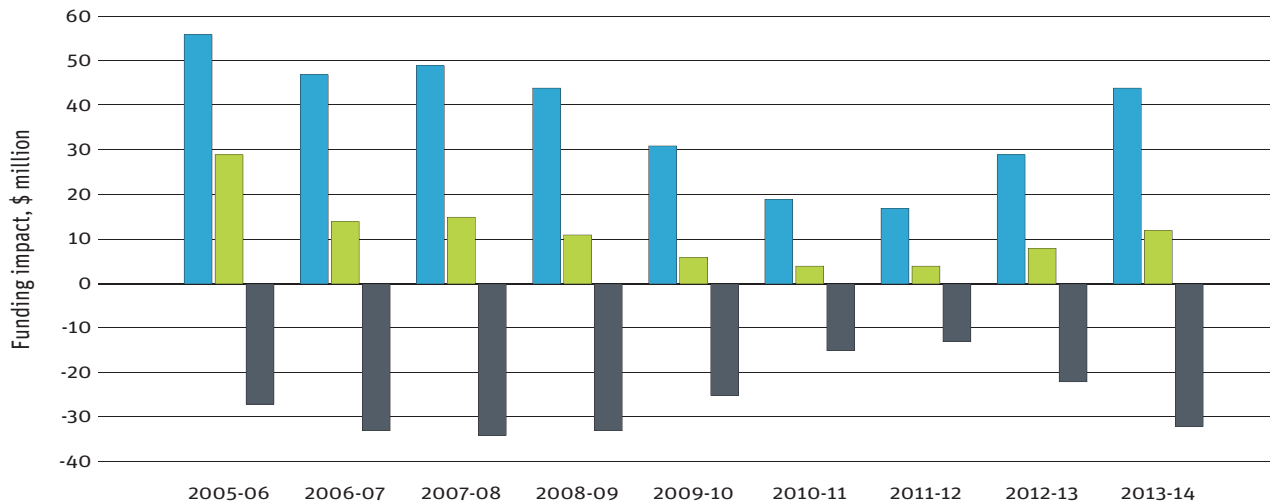
enrolment, the increase is not strictly proportional. The grant covers school principals, vice-principals and school-based administrative support staff. This change was a welcome departure from the strict head-count basis. But the concept has not been extended to other school-based functions that are just as difficult to subdivide to the student level as school-based administration. For example, a school library is a school-based, rather than an enrolment-based, service. Similarly, there are limits to the extent to which custodial services can be subdivided on an enrolment basis.

Furthermore, by extension, there are some types of expenditures that are tied to the classroom rather than the individual student. The fact that a classroom might have one less student as a result of enrolment decline will affect costs only where enrolment loss accumulates to the point that the number of classrooms can be reduced.

In addition, the formula fails to take into account the fact that many central services provided by school boards to support the learning environment do not vary in response to changes in enrolment at all.

The impact of declining enrolment on the TDSB's finances is significant; the declining enrolment grant received by the TDSB does not even come close to offsetting that impact.¹⁰ In the period from 2002–03 to 2013–14, the TDSB experienced an enrolment decline of 13.7%. The cumulative direct effect of that decline on the foundation grant, the teacher qualifications and experience grant, and the school operations grant (all of which vary directly with enrolment) resulted in a loss in annual funding of \$230 million, compared with a declining enrolment grant in 2013–14 of \$6 million. Even assuming that expenditures on these enrolment-funded items can be brought into line with declining funding over a three-year period, the declining enrolment adjustment falls far short of its stated goal.

FIGURE 1 Amount of Declining Enrolment Adjustment Grant Versus Actual Amount of Funding Lost at the TDSB



Source Author's calculations based on data in Ontario Ministry of Education, "School Board Funding Projections for the 2014–15 School Year," Spring 2014.

Figure 1 compares the three-year weighted total enrolment impact on funding with the declining enrolment adjustment for the TDSB from 2005–06 to 2013–14.¹¹ In the period from 2005–06 to 2013–14, there wasn't a single year in which the declining enrolment grant came close to its stated goal of supporting a three-year adjustment to declining enrolment. In 2013–14, projected enrolment and declining enrolment grants indicate a funding shortfall of nearly \$20 million.

Local Priorities

Every independent review of education funding conducted in Ontario over the past 50 years has concluded that the funding system should provide for a limited, locally determined, discretionary revenue source to be applied to locally determined priorities. Most recommend locally determined funding of up to 10% of boards' total expenditures, to be raised from local property taxes.¹²

Even the "Who Does What?" panel led by former Toronto mayor David Crombie, which was required to take the Harris government's education fi-

nance framework as a given, recommended that the formula include a supplementary amount of 5% to support local priorities.

Two principal arguments have traditionally been advanced for additional funding to support local priorities. First, it is argued that no central formula, no matter how detailed and no matter how sophisticated, can fully anticipate all of the educational needs in every community in the province. There has to be a safety valve somewhere in the funding system.

Second, it is argued that local school boards in Ontario have often been innovators in education policy. To cite just two of many possible examples, French as a second language instruction was developed in Ottawa-area school boards and funded from local property taxes long before it became part of Ontario's official education policy. English as a second language programming was developed in Toronto-area boards and funded from local property taxes long before the need was recognized at the provincial level.

Despite the extent of the support for funding local priorities, the funding formula in its original form contained no such provision. And while the Harris government eventually relented and introduced a local priorities amount into the elementary and secondary foundation grants, its introduction and subsequent history could be described as an extended exercise in political cynicism.

The Harris government introduced a \$100 per student local priorities amount in 2001–02 (subsequently increased to \$200 per student), knowing that the formula provided significantly less funding (roughly \$10,000 per teacher) for teachers' salaries than the amounts boards were contractually obligated to pay, and that the additional funding would be used not for local priorities but to pay teachers' salaries.

In 2002, Rozanski's Education Equality Task Force recommended both an increase in teacher salary benchmarks to reflect actual costs and a local priorities amount set as a percentage of the foundation grant so that it would increase from year to year.

Yet when the McGuinty government finally got around to updating teacher salary benchmarks in 2006, it eliminated the local priorities amount. It also declared that, since boards were using the money for teachers' salaries and not for local priorities, they didn't need a local priorities amount once teacher salary benchmarks had been adjusted.

To put the issue into perspective, returning to the Harris government's local priorities amount of \$200 per student would require an additional investment of approximately \$395 million. The 5% of operating funding recommended by the Crombie "Who Does What? Panel in 1997 would require

an additional investment of \$1.15 billion. The 10% of operating funding recommended by every other Ontario funding review would require \$2.25 billion in additional funding.

At the 5% level originally recommended by Crombie, the TDSB would have access to funding for local priorities amounting to over \$140 million. At the 10% level, the TDSB's local priorities funding would come to more than \$280 million.

Funding Shift Impact on TDSB

Most of the grants under the funding formula are indicative (intended to generate a certain amount of funding) rather than prescriptive (intended to generate a given amount of program spending in a specified area). Because the amount of each grant is driven by a different set of factors, each grant is distributed differently among school boards. The foundation grant is based on enrolment. The special education grant is distributed, in part, based on enrolment and, in part, based on the incidence of students with special education needs. The learning opportunities grant is distributed, in part, based on community demographic factors. The language grants are distributed based on the incidence of students with particular language acquisition needs.

Because the distribution of each grant varies, the mix of grants matters. For example, a decision to enhance the grant for rural and remote boards will benefit those boards disproportionately. A decision to enhance the learning opportunities grant or the language grants will disproportionately benefit large urban boards like the TDSB and the Toronto District Catholic School Board.

For example, the TDSB receives a disproportionate share of the language grants and the learning opportunities grant. Those two types of grants made up 6.6% of total grants in 2004–05 but make up only 5.2% of total grants in 2014–15. That shift will inevitably have a negative impact on the TDSB, relative to other boards.

Given the TDSB's share of these two types of grants (21%), that 1.4% shift — approximately \$316 million in total — would reduce the TDSB's allocation by \$66 million.

Boards' share of major grants have also changed. In 2004–05, the TDSB received 14.2% of provincial funding for special education; in 2014–15, it is

projected to receive 12.3%. That 1.9% share shift compares with an enrolment share loss of 0.6%. Again, this shift will have an adverse relative impact on the TDSB's finances. The missing 1.3% of provincial funding in 2014–15 amounts to \$37 million in missing revenue.

Changes in the mix of factors used to determine grants will affect their allocation. For example, the allowance for underutilized school space in the formula for determining the grant for pupil accommodation has been reduced from 20% (full funding at 80% capacity utilization) to 15% (full funding at 85% capacity utilization). The effect will be reduced funding for boards with schools whose capacity utilization is less than 80%. This has a particularly significant impact on the TDSB's funding.

Another example is the change in funding for transportation introduced in the 2013–14 school year. In that year and again in 2014–15, funding was increased by 2%, but only for boards not running a surplus in transportation — receiving more in grant funding and fee revenue than they are spending on transportation services.

This represents a significant departure from the general approach taken by the government to the grants program. Since its inception, the government has insisted that grants are indicative only, and that boards are free to allocate funds raised under one grant for another purpose if they can find savings in that area. That is exactly what the TDSB did when it cut back its transportation program to generate savings applied elsewhere in its operations. With this new approach, the province is effectively saying it will penalize boards for finding savings by reducing the size of the grant. This has a significant impact on the TDSB because it will not receive the two 2% increases, each valued at approximately \$1 million that it would otherwise have received.

Funding Formula Has Roots in 1950s

The reason Ontario school boards continue to struggle to cope with the demands on the education system is that the basics of the Harris-era funding formula are rooted in a simplified model from the 1950s.

In the worldview of the Harris government, the purpose of education was to convey basic skills (reading, writing and arithmetic) in a classroom interaction between a teacher and a student. The idea that education might take place outside of a single classroom setting — for example, in a specialized outdoor education centre or on a class field trip — was neither considered

nor funded. Nor was the idea that education might include such subjects as art, music, or physical education that might require specialized teachers and/or specialized facilities. No explicit consideration was given to providing before- and after-school supervision or lunchroom facilities and supervision, much less school breakfast and lunch programs.

The idea that education might include ensuring that students are ready to learn at the beginning of the school day and should be supported after the end of the day was not part of the program for the Harris government.

Equally foreign to the Harris government's view was the idea that schools might play a role in their communities beyond being the place where children were required to be between 9:00 a.m. and 3:30 p.m. There was no provision in the formula for extra-curricular activities or for after-hours community use of school facilities. The more expansive role envisaged for schools by social policy analysts in the late-1980s — that they could serve as hubs for the delivery of a wide range of family-oriented social services — was not on the government's agenda.

The role that some school boards played in their communities in adult education was also not recognized. Funding was provided for adult day school programs leading to a secondary school diploma, but not for other programs. The formula provided no funding at all for community-based programming for adults beyond the standard provincial curriculum.

The Harris government did not specifically forbid boards from providing these services. However, the cost of those services was deemed to be administrative, subject to the maximum allocation for administrative costs in the formula. As the initial transitional funding expired, all of these “non-classroom” activities came under increasing financial pressure. Programs were canceled. Facilities were closed. Community-use fees were increased dramatically, and communities used the facilities less.

Some of the most obvious negative effects have since been addressed through ad hoc measures. Limited special funding has been provided to support community use of school facilities. Collective agreements for elementary and secondary teachers have provided funding to support the staffing of specialized programs. Crises like the emergence of violent crime on school property have prompted additional funding for supervision and other programming.

But these changes are add-ons; they do not represent fundamental change. As long as the guiding principle behind the formula is the provincial government's attempt to prevent school boards from allocating money

outside the classroom, Ontario will have trouble providing what students need to succeed in a complex global economy.

To reform elementary and secondary education funding in Ontario requires bringing into the 21st century the guiding principles and goals of elementary and secondary education.

How Ontario Stacks Up in North America

With school board budgets under pressure every year, it is easy to get caught up in the minutiae of funding at the expense of the bigger picture. Given the widely acknowledged importance of education to Canada's and Ontario's economic future, it is important to consider how the province's commitment to investing in education stacks up against peer jurisdictions.

The picture is not encouraging.

A comparison of per-student spending using 2011–12 data (the most recent year available) from the Census Bureau of the United States Department of Commerce and Statistics Canada puts Ontario in 36th place out of 61 state and provincial jurisdictions (and the District of Columbia) in Canada and the United States.

In Canada, Ontario ranks behind Alberta, Manitoba, Saskatchewan, New Brunswick, and Newfoundland and Labrador. It also ranks behind every state north of Washington D.C. in the Northeast and all but one of the Great Lakes states. In those 16 U.S. jurisdictions, education investment per student averaged \$17,306, compared with Ontario's average of \$12,106 (purchasing power equivalent).¹³

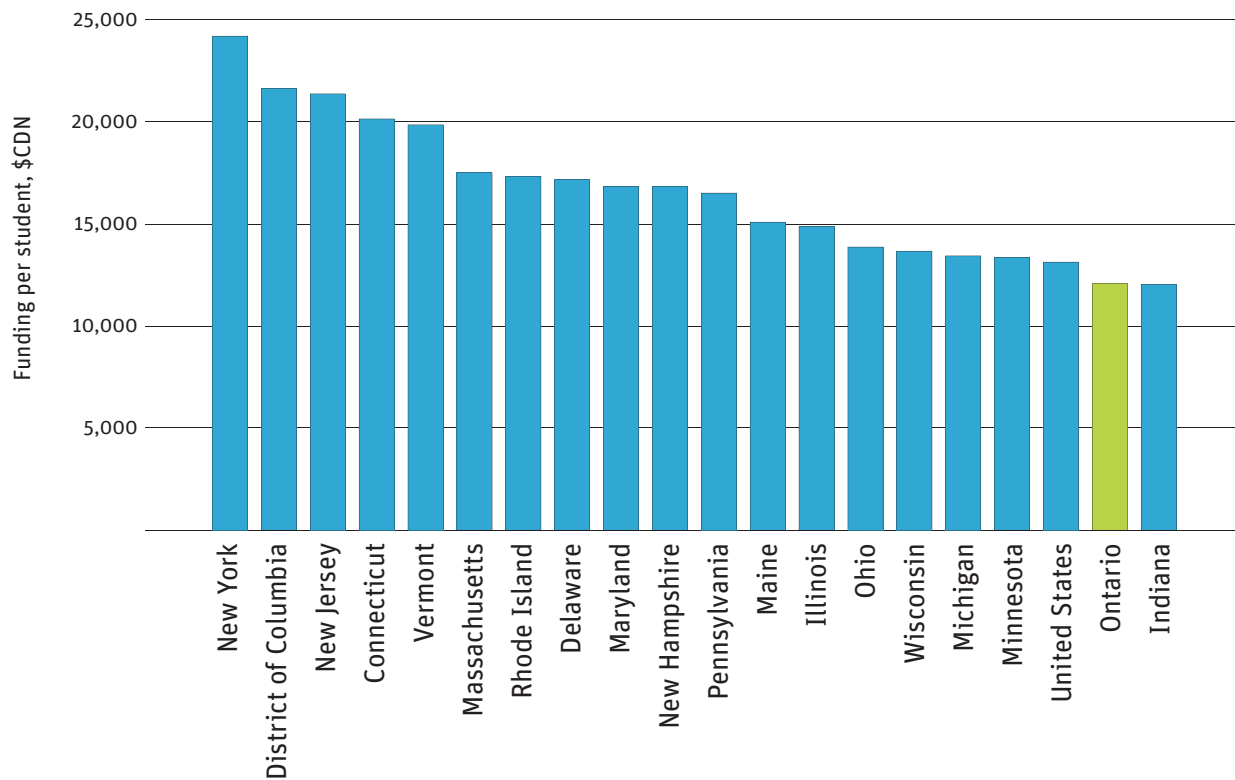
Figure 2 shows how Ontario compares with states in the Northeastern and Great Lakes regions. It shows elementary and secondary spending per student for the school year 2011–12.

Of particular interest, given Ontario’s policy commitment to the development of a knowledge-based economy, is the comparison in the amount of investment per student between Ontario, New York State, and Massachusetts:

Ontario	\$12,106
New York State	\$24,244
Massachusetts	\$17,536

New York State invests more than twice as much per student as Ontario. Massachusetts invests 45% more.

FIGURE 2 Comparison of Ontario With States in the Northeastern and Great Lakes Regions



Source United States Department of Commerce, Annual Survey of the School System, 2012; Statistics Canada, CANSIM 478-0015 (expenditures); Statistics Canada, Education Indicators in Canada: Report of the Pan-Canadian Education Indicators Program April 2014, Catalogue 81-582-X (enrolment).

Of course, spending isn't the only relevant education indicator, and Ontario consistently ranks well in student performance measures relative to other North American jurisdictions. But living in a per-student funding neighbourhood in which the closest neighbours in the United States are Kansas and Iowa is hardly cause for optimism. And while modest differences in funding might be dismissed as irrelevant, the massive gaps between Ontario and competitor jurisdictions cannot be ignored.

Conclusion

This report examines almost 20 years of public education funding in Ontario and finds the problems created in the 1990s under the Mike Harris government have not been fixed. While the successor government under Dalton McGuinty introduced and funded high-profile new initiatives such as full-day kindergarten, the flawed funding formula brought in by the Harris government remains core to school board funding problems. Until that funding formula gets a complete makeover, school boards in Ontario — and especially in Toronto — will continue to struggle with the gap between growing needs and insufficient funding envelopes.

And the first step is for the provincial government to account for the consequences of its funding decisions through a long-overdue fundamental review of the system as it has evolved since its introduction in 1997 and review in 2002.

Notes

- 1** Toronto Catholic District School Board Budget Overview, 2014–15. Retrieved from <http://www.tcdsb.org/FORPARENTS/News/Documents/Budget%20Presentation%20%202014-15%20May%2020.pdf>.
- 2** Pupil Accommodation Review Guideline Consultations, Ontario Ministry of Education, February 2015
- 3** Ontario Ministry of Education and Training (1997, August 29). “Learning Opportunities Grant: Panel Report to the Minister of Education and Training.”
- 4** A Triple Threat to Equity: Changing Priorities for Toronto’s Schools. Social Planning Toronto. May 2013.
- 5** Education Equality Task Force (2002). “Investing in Public Education: Advancing the Goal of Continuous Improvement in Student Achievement” Retrieved from <http://www.edu.gov.on.ca/eng/document/reports/tasko2/complete.pdf>
- 6** Office of the Auditor General of Ontario (2005). Annual Report. Retrieved from http://www.auditor.on.ca/en/reports_en/en05/307en05.pdf
- 7** In a report on 2009–10 elementary and secondary education funding (“No time for complacency: education funding reality check” Canadian Centre for Policy Alternatives, November 2009), I estimated the 2009–10 cost of class size reductions across the system at approximately \$420 million. http://www.policyalternatives.ca/sites/default/files/uploads/publications/reports/docs/Education%20Funding%20Formula%20Review_o.pdf
- 8** Hugh Mackenzie (May 2003). “Telling tales out of school: How the Ontario Government is(n’t) funding education,” Canadian Centre for Policy Alternatives. <https://www.policyalternatives.ca/publications/reports/telling-tales-out-school>

9 According to the Ministry of Education's Education Finance Information System estimates for 2013–14, the TDSB had 13,229 full-day and 4,687 half-day junior kindergarten students, and 13,130 full-day and 5,503 half-day kindergarten students. With full implementation of early learning in 2014–15, all junior and senior kindergarten students will be full-day.

10 Because funding for the full-day kindergarten was rolled into the main grants for student-needs programs for the 2014–15 school year, enrolment figures reported in 2014–15 are not comparable to those reported for prior years. As a result, it is not possible from published data to estimate the impact of declining enrolment for 2013–14.

11 The three-year impact is 100% of the current year's impact, two-thirds of the previous year's impact, and one-third of the second-previous year's impact, summed as a proxy for a successful full adjustment of expenditures to costs over a three-year period.

12 For a discussion of this issue, see the chapters on local government finance in the Ontario Fair Tax Commission's reports *Fair Taxation in a Changing World* (1993), and *Working Group report: Property Tax* (1992).

13 Sources: Statistics Canada, CANSIM 478-0014 (expenditures); Statistics Canada, *Elementary-Secondary Education Survey, 2012* (enrolment); United States Department of Commerce, *Annual Survey of School System, 2012*. Ontario expenditure data reported by Statistics Canada are higher than those reported by the Ministry of Education because the Statistics Canada data (as well as the U.S. data) include pension costs, which are not included in the Ministry data as they are incurred by the province directly rather than by school boards. Data in U.S. dollars was converted to Canadian dollars using OECD purchasing power parity rates for 2012. Purchasing power parity is the preferred measure for international comparisons because it captures both the exchange rate and the domestic currency cost structure.



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