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# Turning point?

Time to renovate Ontario's  
education funding formula

**By Hugh Mackenzie**



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5	Summary
9	Turning point? Time to renovate Ontario's education funding formula
12	An analysis of Ontario's operating funding for elementary and secondary education under the 1998-9 funding formula
19	Impact of these factors on school board finances
22	An opportunity to get it right
32	Notes



# Summary

This year's version of the annual debate between the provincial government and Ontario's school boards over funding looks, on the surface, like every other year's. The provincial government claims that it is spending \$600 million more this year than last. School boards claim that provincial funding isn't enough to enable them both to balance their books and meet their — and the province's — objectives.

A number of boards have had to resort to accounting acrobatics to balance their books for 2006–7. Five boards have run out of options this year, and have refused to make program cuts to eliminate deficits.

What makes the debate particularly difficult to grasp this year is that both sides are telling the truth. The province is indeed spending more. And school boards are indeed facing program cuts to balance their books.

A detailed analysis of school board funding for 2006–7 reveals the source of this year's funding squeeze and exposes deep-seated problems with the funding formula obscured by the current year funding squabble.

The principal contributors to this year's funding squeeze are:

- New provincial initiatives and commitments which require additional spending by boards will increase costs by more than the overall increase in operating funding.
  - Provincial initiatives and commitments related to primary class size reduction, specialized elementary teachers, “student success” secondary teachers and the 2.5% increase in the provincial salary framework are matched by \$528 million in funding. But total operating funding has increased by only \$490 million, leaving boards to find the missing \$38 million in other budget areas.
- Reallocations of funding among boards as a result of piece meal formula redesign have not been funding neutral for individual boards.
  - The realignment of teacher salary benchmarks to levels approximating reality did not result in any additional funding. The increased allocation for teachers' salaries was offset by cuts

in so-called “local priorities” funding and in funding for students at risk through the Learning Opportunities Grant (LOG). While this was funding-neutral across the province, the trade-off had differential effects on boards, depending on their LOG funding. Boards with substantial LOG funding lose; boards with lower LOG funding gain.

- Although the new School Foundation Grant for in-school administration generates an additional \$35 million in funding across the province, it is also offset by other grant reductions, which again have differential impacts on boards. Boards which had previously received no additional funding for small schools tend to gain; boards which received substantial funding for small and remote schools and which receive higher-than-average LOG funding tend to lose.
- The 2006–7 formula provides inadequately for cost increases in areas other than teacher salaries. While salary benchmarks have been increased by 2.5% to reflect the provincial teacher salary framework, other benchmarks have either been frozen or adjusted at less than the rate of inflation.
- Special funding for school boards experiencing enrolment declines has been reduced substantially.
- Funding for 2005–6 included special additional funding in the declining enrolment grant; that funding has been eliminated for 2006–7. As a result, the declining enrolment grant has been cut from \$125 million to \$65 million, despite the fact that this year’s projected enrolment loss across the province is nearly double last year’s.

- The 2006–7 funding formula takes no account of the extraordinary — often one-time-only — measures used by boards to balance their 2005–6 budgets.
  - Funding pressures in 2005–6 that boards avoided through one-time-only measures and accounting adjustments have been deferred to 2006–7 with no funding recognition.
  - Notwithstanding the Ministry’s claim that the funding formula meets boards’ needs, funding deficits persist. The Ministry’s web site acknowledges that 12 of the 72 boards experienced deficits in 2004–5.

The difficulties experienced by boards in 2006–7 reveal fundamental problems with the funding formula — problems that existed in 1998–9 when the formula took effect, and have only become more extreme since.

- School operations and maintenance are underfunded relative to inflation-adjusted 1997 costs by more than \$350 million across the province; \$115 million in the two Toronto boards.
- Adult credit courses are underfunded relative to the same courses taught to secondary school students, to the extent of nearly \$125 million across the province.
- Funding for students at risk through the Learning Opportunities Grant is \$250 million below the level recommended by the Expert Panel whose work established the grant.
- English as a second language funding is not appropriately linked to the additional education needs of students whose first language is not English.
- After several years in which total special education funding was driven by actual case incidence, fiscal considerations have

become predominant in determining the size of the special education envelope.

- With the reconfiguration of teacher salary benchmarks, there is now no provision in the funding formula for local priorities. Virtually every study of education funding in Ontario has recommended a local priorities allocation of 10% of operating funding, funded either from local property taxes or from a provincial funding supplement. Today, that would amount to approximately \$1.6 billion.
- There are still significant unresolved issues related to the definition of education implicit in the funding formula such as:
  - Specialized educational facilities;
  - Community infrastructure;
  - Programs like school breakfasts and lunches and parental engagement support;
  - The role of education assistants in classrooms;
  - The role of the school as an access point to other public services.

Many of these issues were highlighted as problems in need of further study in Mordechai

Rozanski's report in 2002, but no action has been taken as yet.

In the absence of action on these underlying funding issues, the elementary and secondary education system in Ontario will continue to operate in an atmosphere of perpetual fiscal stress. The most obvious indicators of that stress are boards' refusal to make program cuts to fit their provincially-determined funding.

It shouldn't be a surprise that a number of boards in high-needs areas in northern Ontario with declining enrolments are facing financial difficulties. It shouldn't be a surprise that boards in high-cost urban areas and boards that offer significant adult education programs are in financial difficulty.

Less obvious is the fact that, as a result of funding formula inadequacies, funding that the formula generates based on the needs of students at risk and ESL students has to be diverted to filling funding formula holes. Funding formula inadequacy means that students with the greatest needs are being short-changed.

The important issue is the persistent gap between what is provided and what is needed.





# Turning point?

## Time to renovate Ontario's education funding formula

The current debate over the funding of elementary and secondary education in Ontario is characterized by a yawning disconnect between the provincial government's claim that it has increased funding for education by more than \$600 million this year and the growing numbers of school boards that are struggling with funding pressures and either considering program cuts or spending from reserves to defer the problem to a future year.

What makes the debate so difficult to understand is that neither party is making up the facts on which its argument is based. Boards are in fact struggling to balance their books. And it is true that provincial funding this year is just over \$600 million greater than it was last year.

The problem is not that the boards don't know how to add and need the expert assistance of third parties appointed by the province to teach them how.

The issue is much more complex than that, and is rooted in the original design of the provincial education funding formula and the particular approach that the McGuinty Government has taken to funding improvements.

At its root, the problem is that nearly a decade after its introduction, too little has been done to address fundamental defects in the design of the funding formula imposed by the Harris Government for the 1998–9 school year.

When the formula was introduced, funding for teachers and other personnel was below boards' actual employment costs, and the gap continued to grow wider over time.

When the formula was introduced, it provided funding for school operations that was lower, on a per-square-foot basis, than the actual costs of the boards serving a majority of the students in Ontario, and the gap between funding and reality continued to grow wider over time.

When the formula was introduced, it provided funding for secondary schooling for adults at a rate substantially lower than the funding it provided for regular secondary schooling, and that gap has continued to grow wider over time.

The formula's original funding benchmarks were based on an extremely narrow definition of "education" for the purposes of funding and a very restricted view of how that education should be delivered. And with very limited exceptions, nothing has been done in the intervening years

to broaden that definition or to loosen those implicit restrictions.

While the Rozanski review of education funding in 2002–3 highlighted and urged further study of many of these issues, its specific recommendations were limited to its mandate, which was to investigate changes that had taken place following the introduction of the formula in the 1998–9 school year. In its last year in office, the Eves Government made a start on implementing some of the Rozanski recommendations.

When the McGuinty Government was elected in 2003, its initial focus was on preventing the situation from becoming worse, implementing some of the remaining recommendations of the Rozanski Task Force and targeting new investments to the specific priorities on which it had campaigned. The evident hope was that the influx of new money into the system would enable the government to ignore the fundamental problems it inherited when it came into office.

The strategy has clearly run out of gas. That is evident in the fact that despite funding increases, boards are running out of budgetary options in dealing with the most dysfunctional aspects of the funding formula. It is also evident in the fact that the government has begun to address — albeit on a funding-neutral basis — the most obvious and pressing of the formula’s deficiencies.

The appointment of a new Minister of Education with an extensive background in the education system offers an opportunity to embark on the fundamental re-think of the funding formula that Rozanski recommended in 2002 and that is clearly overdue.

The purpose of this paper is to unpack the issues underlying the current debate, identify and explore the major structural problems in the funding formula, and suggest a strategy for addressing those problems.

The review of elementary and secondary education funding for 2006–7 that follows reveals a number of key issues:

1. After allowing for cost inflation, aggregate funding for elementary and secondary education is higher in 2006–7 than it was in 1997, the last year before the introduction of the new funding formula for 1998–9. Funding per student, on average, is higher in 2006–7 than it was in 1997. However, the experience is not uniform. 18 of the 72 boards have less funding in total on a cost-adjusted basis than they did in 1997. Four large urban boards have less funding per student in 2006–7 than they did in 1997 — Greater Essex, Ottawa-Carleton, Peel and Toronto.

2. A substantial proportion of the additional funding provided for school operations for 2006–7 is tied to a provincial government initiative or commitment. While this does constitute additional funding for boards, it is not available to address continuing funding problems. For many boards, more than all of the increase in funding is already earmarked for these commitments. In the aggregate, across the province, these initiatives and commitments cost \$38 million more than the total increase in operating funding for 2006–7.

3. While the government has responded to the inadequacy of the formula’s provisions for teacher salaries, it has done so on a funding-neutral basis, reducing other grants to offset increases in salary benchmarks. So while the formula may be more realistic in its design, in aggregate it is delivering the same funding but under different grant headings. Furthermore, because the grant reductions do not match the impact of the benchmark increases on a board-by-board basis, the change has resulted on shifts in funding among boards, putting some boards under particular financial pressure.

4. Similarly, while the introduction of a school-based component of the foundation grant is a more realistic approach than the complex set of per-student amounts and targeted board-specific

grants in the previous formula, it also results in shifts in funding among boards.

5. Because the reconfiguration of teacher salary benchmarks has been funded by eliminating the Local Priorities Amount in the Foundation Grant and reducing by 27.4% the demographic component of the learning opportunities grant, it serves to highlight how little funding is actually available in the funding formula to support locally-determined initiatives and priorities and to support extra programming for hard-to-serve students. To put the issue into perspective, reviews of formula funding in Ontario have typically argued for a reserve of 10% of funding for locally determined priorities. As of 2006–7, there is no such provision.

Even the 5% local priorities reserve recommended by Rozanski as a way to index the Foundation Grant's local priorities amount would cost \$800 million; restoring the \$200 per student local priorities amount brought in by the Harris Government would cost just under \$400 million.

In 1997, the Expert Panel convened to develop funding for students at risk due to demographic factors recommended demographically linked funding at \$400 million, or 3.3% of operating funding. As of 2006–7, the demographic component of the Learning Opportunities Grant has been reduced to 1.6% of operating funding. It would cost \$250 million to bring the Learning Opportunities Grant to the 1997 level.

6. Although the government has acknowledged that funding generated by student numbers creates problems for school boards with declining enrolment, the government is providing substantially less funding to address those problems than it did in 2005–6.

Enrolment continues to decline at essentially the same rate as it has in the past three years while funding for declining enrolment has been cut in half for 2006–7 — a loss compared with 2005–6 of approximately \$60 million.

7. As boards' program flexibility is restricted and as funding for locally determined priorities is reduced, it is progressively more difficult for boards to compensate for continuing inadequacies in the funding formula. Inadequate funding for adult day students is a problem of particular importance to the large urban boards that run substantial adult credit programs. And the formula's insensitivity to local costs in the grant for school operations and maintenance creates particular problems for boards in high-cost areas, most notably northern and remote boards and large urban boards. In that light, it is not at all surprising that the boards which are currently under the greatest financial stress are in the Toronto area and in northern Ontario.

Underfunding of adult education costs boards more than \$120 million; underfunding of school operations and maintenance costs boards approximately \$375 million.

The continuing inadequacies of the funding formula have significant financial implications for large school boards in particular. Otherwise, none of these funding issues, by itself, is sufficient to explain the financial difficulties faced by many school boards.

Financial pressure on boards is the cumulative effect of a number of funding problems.

# An analysis of Ontario's operating funding for elementary and secondary education under the 1998–9 funding formula<sup>1</sup>

## 1 Total funding since 1997

After adjusting for elementary and secondary education cost increases, the data show that aggregate operating funding is approximately 10% higher in 2006–7 than it was in 1997.<sup>2</sup>

Funding per student across Ontario has also increased. Operating funding in 2006–7 is \$8,129 per student. That compares with cost-adjusted 1997 funding per student of \$7,484 for an increase of 8.6%.

That experience is not uniform across the province, however. A total of 18 of the 72 boards — accounting for 27.8% of Ontario's student population — have less funding in total, on a cost-adjusted basis, than they did in 1997.

Four public boards — Essex, Peel, Ottawa-Carleton and Toronto — have less funding per student, on a cost-adjusted basis, than they did in 1997 (see Table 1).

## 2 Funding for provincial commitments

The funding announcement for 2006–7 included funding for three provincial initiatives and/or commitments:

- \$338 million to fund the 2.5% increase in all salary benchmarks required to implement the provincial framework for teacher compensation negotiated in 2005;
- \$90 million to fund the specialist teachers and student success teachers mandated by the provincial framework agreements for elementary and secondary teachers, respectively;<sup>3</sup>
- \$98.5 million to fund the current (2006–7) phase of the primary class size reduction program of the provincial government.

These specific operating expense initiatives total \$528 million. Total operating funding provided by the provincial government increased by \$490 million. This means that the increased spending mandated through provincial initiatives and commitments is greater than the actual increase in funding provided to school boards in the aggregate. In other words, in order to meet the class size requirements and to fund the changes mandated by the provincial labour framework, school boards as a group must find approximately \$38 million in reductions in prior years' expenditures.<sup>4</sup>

**TABLE 1 Boards with declines in funding per student**

	Funding per student, 2006–7 dollars			
	1997	2006–7	Change (\$)	Change (%)
Greater Essex	7,772.39	7,675.74	(96.65)	-1.2%
Peel	7,934.83	7,501.70	(433.12)	-5.5%
Ottawa-Carleton	8,616.72	8,307.68	(309.05)	-3.6%
Toronto	9,438.44	8,770.23	(668.21)	-7.1%

As is generally the case with such changes, the impact is not uniform, from board to board.

Overall, the difference between what is mandated and the actual total increase in funding is equivalent to 0.2% of boards' total operating spending.

For many boards, the impact is much greater. For example, for the Ottawa-Carleton public board, the discrepancy represents an estimated 1.8% of the budget; for the Toronto board, 2%; for the Rainy River District Board, 8.3%; for the Superior North board, more than 10%. For boards that are experiencing declining enrolment, the discrepancy comes on top of a decline in funding that will not be fully reflected in reduced costs. For boards that are experiencing enrolment growth, funding that would otherwise be directed towards enrolment growth will be directed to these provincial initiatives.

### 3 Reconfiguring the salary benchmarks

In absolute terms, the discrepancy between the amount provided for in the funding formula to pay teachers and other professionals and the amounts that boards were actually required to pay these employees has been the most glaring shortcoming of the funding formula. As of the 2005–6 school year, the shortfall was estimated at nearly \$1 billion.

Since the boards were actually paying teachers at the proper rates, this meant that funding from the formula, which appeared to be for other purposes, was actually being used to pay teach-

ers. In particular, funding which was identified as providing support for high-needs students or enabling boards to respond to local needs and priorities was actually being used to fill the holes in funding left in part by the inadequate salary benchmarks.

In its 2006–7 funding, the government proudly announced that it had eliminated the gap between funded salaries and actual salaries by increasing all of the teacher salary benchmarks by 8.3%. What it did not say quite as loudly is that it generated the funding for these higher benchmarks by essentially eliminating funding for local priorities and reducing funding based on the incidence of high needs students as indicated by demographic characteristics.

While the revised approach has the virtue of being more honest — the government is no longer pretending that it is providing any funding for local priorities in the foundation grant nor that it is providing as much as it was claiming to address demographically indicated student needs — it also serves to highlight inflexibility of the formula in addressing priorities other than those mandated by the province.

It also highlights the inadequacy of the formula's provision for support for disadvantaged students. In 1997 — at a time when total operating funding for education in Ontario was approximately \$12 billion — the government's expert panel on the learning opportunities grant recommended a funding level of \$400 million — 3.3% of the education spending — for a grant that would vary depending on student and community de-

mographic characteristics. With the reallocation of nearly \$75 million in LOG funding to the enhanced benchmarks, demographically-based funding is now less than \$260 million on a total funding base of \$16 billion — less than 1.6%.

Furthermore, because the various offsetting grant reductions are distributed differently among boards, the impact of the change varies from board to board. While the overall impact is essentially funding neutral, the change has the effect of increasing funding for some boards and reducing funding for other boards, thereby contributing to the variations in funding experience of boards from the 2005–6 school year and the 2006–7 school year.

#### **4 The school foundation grant**

The school foundation grant was established for the first time in the 2006–7 funding formula in recognition of the fact that in-school administrative costs are influenced by factors other than enrolment. In particular, it recognizes that certain costs at the school level are essentially the same regardless of the size of the school. This fact had been recognized in part and for some boards in the previous funding formula through a number of specific grants directed towards particular categories of school boards.

The new School Foundation Grant is driven primarily by the number of schools operated by the board, and only secondarily by those schools' enrolment. It replaces portions of other grants that had previously been targeted to remote and rural schools.

In addition to eliminating these targeted grants, the new school foundation grant is offset by eliminating the in-school administration portion of the Foundation Grant, reducing the Rural Schools Grant by 8% and reducing the Learning Opportunities Grant by a further 9% (in addition to the 27.4% reduction offset against the salary benchmark increase).

As is the case for the salary benchmark adjustment and offsets, the combined effect of the school foundation grant and the offsetting reductions varies from school board to school board.

From a policy perspective, the major shortcoming of the School Foundation Grant is that it does not go nearly far enough in recognizing costs that are determined by factors other than enrolment. It recognizes that in-school administration costs do not vary continuously with enrolment. However, the revised funding formula fails to extend that logic to other areas to which it would apply with equal force such as provision for school libraries and other common services and provision for school operations and maintenance.

#### **5 Highlighting the lack of flexibility in funding**

In an attempt to counter criticism that the provincial takeover of education funding in 1998–9 would lead to a one-size-fits-all funding model that would be insensitive to local conditions, the original funding formula was modified in 2001–2 to include for a local priorities amount (per student) as part of the Foundation Grant. In addition, the Learning Opportunities Grant was promoted as funding to assist boards in responding to local conditions.

Because other areas of the formula did not provide adequate funding relative to boards' costs, however, this supposedly flexible funding ended up being used not to provide additional services tailored to local needs but to fill in the holes left by the inadequacy of the funding formula in these other areas.

As a result, the flexibility offered by these grant components was an illusion.

In effect, by eliminating the local priorities amount in the Foundation Grant and reducing the demographic component of the Learning Opportunities Grant as offsets for salary benchmark



adjustment and the School Foundation Grant, the government is acknowledging that fact.

While this approach is at least more honest than the prior approach of offering the illusion of flexibility while effectively requiring boards to use their flexibility funding to offset underfunding of teacher salaries and school administration costs, it also draws attention again to the original political concern.

With the more realistic approach to funding for teaching salaries and for in-school administration, the formula now no longer includes any explicit reference to local flexibility.

It is worth noting that the \$200 per student Local Priorities Amount would be 2.4% of current formula funding across the province. This compares with recommendations for locally-determined funding by various funding review bodies in the 1980s and 1990s for a 10% reserve for local priorities and Rozanski's recommendation for a local priorities amount at 5%.

## 6 Declining enrolment

Since 2002–3, the funding formula has recognized a fundamental weakness in a student head count model for education funding: the fact that many of the costs incurred by school boards in providing services to students do not automatically go down in direct proportion to declines in enrolment.

When the grant was introduced in 2002–3, 38 of the 72 boards representing 57% of enrolment across the province received declining enrolment grants. Declining enrolment grants made up 0.3% of total funding. By 2005–6, 58 boards accounting for 79% of enrolment were receiving these grants and in total the grants made up 0.8% of funding, in part because of a special top-up of the declining enrolment grant for that year.

In 2006–7, the top-up was eliminated, cutting total funding for the grant in half, but 49 boards representing 65% of enrolment qualified. The de-

clining enrolment grant is projected to account for 0.4% of total board funding this year.

The declining enrolment grant is designed to compensate boards for a portion of their loss in funding as a result of enrolment loss, with the support phased out over a three-year period.

The implicit assumptions behind the declining enrolment adjustment are first that the formula elements driven by enrolment numbers are indeed continuously variable in response to changes in enrolment and that three years is a sufficient period over which to expect boards to adjust the costs that must be covered by these grants in response to enrolment driven declines in the grants.

Neither of these assumptions is supported by evidence. They simply reflect the political decision of the Harris Government to build the formula around “students” — as in “Student Focused Funding” — rather than boards, schools or even classrooms. The new School Foundation Grant represents a departure in the design of the funding formula, recognizing that some costs — specifically in-school administrative costs — are not enrolment-driven. While this is a welcome change in principle, the formula's current architecture continues to assume, implicitly, that 85 to 90% of boards' operating costs vary continuously with enrolment.

Historically, the declining enrolment adjustment has never compensated boards for more than a fraction of the relative impact of enrolment declines on formula funding. To put the size of the declining enrolment grant into perspective, a comparison was made for boards with declining enrolment between the three-year percentage decline in the board's enrolment and the board's declining enrolment grant as a percentage of its enrolment-driven grants for operating purposes. This produces a measure of the extent to which the budgetary impact of a decline in enrolment has been offset by the declining enrolment grant.

**TABLE 2 % of 3-year impact covered by Declining Enrolment Grant**

3-year period ending	Impact of grant
2002-3	19.3%
2003-4	27.9%
2004-5	18.8%
2005-6	24.6%
2006-7	18.0%

Appendix A includes the results of this calculation for all boards for the three-year periods ending in the school years 2002-3 to 2006-7. Table 2 shows the average for boards with declining enrolment.

Over the five-year period of its existence, the declining enrolment grant has offset between 20% and 25% — on average — of the negative funding impact of enrolment decline.

From a policy perspective, declining enrolment raises two key issues: first, is the weight placed on enrolment as a factor driving boards' operating costs appropriate; second, to the extent that operating costs are responsive to changes in enrolment, over what time period is it reasonable to expect that response to take place?

From a board's budgeting perspective, however, changes in declining enrolment grants are no different from changes in other grants — they are experienced by boards as an increase or decline in year-over-year funding.

The elimination of the top-up of the declining enrolment grant for 2006-7 reduces funding by more than \$60 million across the province. And just as is the case with the changes that flow from the reconfiguration of the salary benchmarks and the creation of the School Foundation Grant, the impact varies from board to board.

## 7 Continuing funding problems

The gap between funded teacher salaries and actual teacher salaries was by far the most sig-

nificant departure from reality in the funding formula. As the analysis above suggests, compensation by boards for this funding shortfall in aggregate consumed all of the local priorities funding in the Foundation Grant and a significant proportion of the funding ostensibly dedicated to students at risk.

Unfortunately, the updating of teacher salary benchmarks did not solve this problem. Because the government chose to “solve” the salary benchmark problem on a funding-neutral basis, funding currently labeled as local priorities funding and funding for students at risk has simply been re-labeled as salary money. The elimination of one problem with the funding formula — teacher salary benchmarks — has simply exposed the absence of funding for local priorities and the underfunding of compensatory education.

In any case, the salary benchmark was not the only problem with the design of the funding formula. And nothing has been done to address any of those other problems.

The most important of those problems are: the gap between funding and costs for school operations; the underfunding of adult credit courses; the underfunding of the demographically driven Learning Opportunities Grant; the weaknesses in the design of the grant for English as a second language; and the restrictive definition of “education” for funding purposes that underlies the formula.

The grant for school operations has never covered the actual costs incurred by boards for the operation and maintenance of their schools. Funding was based initially on the median operating cost per square foot of the 122 pre-reform school boards of \$5.20 per square foot. So the initial funding was less than the actual cost of operations and maintenance for half the school boards — by design. That initial level of funding was allowed to erode against inflation over time.

The inevitable results were that boards allowed maintenance standards to deteriorate to



save money and diverted funds from other areas to shore up inadequate operations and maintenance funding. While the Government has followed through on the recommendations of the Rozanski Task Force for special school renewal funding to compensate for the impact of years of deferred maintenance across the school system, it has done nothing to address the underfunding of school operations and maintenance that created the problem in the first place.

Adjusting Ministry data for actual school operations and maintenance costs to reflect increases in costs since the 1997 base year for the formula reveals that total funding for school operations and maintenance falls \$375 million short of what would be required to restore funding to its 1997 level, after adjusting for cost increases. Furthermore, because costs of operation vary substantially from board to board across the province, this funding shortfall has quite different implications for different boards. Where costs clearly vary from board to board across the province, a one-size-fits-all formula creates significant funding inequities among boards, imposing significant penalties on boards facing higher costs, because of geographic/climate factors, local labour market conditions or the age of school buildings.

Northern boards and boards in larger urban areas are particularly hard-hit by this problem.

Despite the lack of any evidence to support the position, funding for adult and summer school credit courses has never been greater than a fraction of the funding for regular secondary school students. In 2006–7, boards receive \$2,587 per full-time equivalent credit student vs. funding of \$4,875 per student for regular day students receiving exactly the same courses. Across the province, this funding gap amounts to approximately \$123 million. Again, the implications of this gap vary greatly from board to board, depending on the extent to which boards offer these programs.

The grant to support compensatory investments in the education of students at risk because of demographic factors — the demographic component of the Learning Opportunities Grant — has never matched the level of funding recommended by the provincial expert panel that studied this issue prior to the implementation of the new funding formula in 1998–9.

The panel recommended a demographic grant with an initial funding level of \$400 million. Initial funding was less than half that amount, at \$185 million. Total funding was subsequently increased to \$360 million, of which \$72 million has been offset against 2006–7 formula changes for salaries and in-school administration, leaving approximately \$290 million.

At the 1997 level of funding relative to total operating funding of 3.3%, the target for demographically-based funding should be more than \$540 million — \$250 million greater than its current level.

The funding formula's consideration of the additional costs associated with providing services for students whose first language is not English is both inadequate and insensitive to major cost drivers. The main driver of the funding assumes that no additional funding is required once a student has been in Canada for four years. In addition, no consideration is given to the impact that higher concentrations of ESL students has on programming requirements.

By choosing to include certain factors as funding drivers and exclude others, the funding formula implicitly defines what is meant by “education” for funding purposes and what is not. This has complicated the transition to formula funding in two respects.

First, prior to the introduction of the formula, education was effectively defined by “what school boards did.” Depending on the community, the same service might be delivered by a municipality, a school board, or another local agency. So “what school boards did” varied depending on local circumstances. When the formula was

introduced, it effectively de-funded some of the programs that some boards delivered in their communities without offering any alternative way to deliver those programs. For example, in Toronto swimming pools used for school programming also served as community pools. In other areas, municipalities provide pools that are used in educational programming. In some parts of the province, school boards provide other athletic facilities that are used extensively by the community. The issue here has partly to do with the relevance of these programs to educational objectives, and partly to do with the fact that no provision has been made for their provi-

sion to the community in the absence of funding through the school board.

Second, it implicitly takes a firm position on educational issues that are at the very least open to debate. For example, the formula does not contemplate programs like school lunch and breakfast programs, parental support programs or specialized educational facilities that many educators consider to be important to student success. Similarly, it provides minimal funding for teachers' assistants, ignoring the active debate of their potential role in student success and teacher effectiveness.

# Impact of these factors on school board finances

Each of the factors discussed in the previous section has an impact on the financial situation faced by Ontario school boards in the 2006–7 school year.

The extent to which increased funding is tied to provincial commitments and initiatives that themselves have an incremental cost impact will determine how much, if any, of a board's increase in funding is available to address other cost pressures.

The reconfiguration of the salary benchmarks is funding neutral across the province, but has impacts that vary from board to board.

While the change in funding for in-school administration has been subsidized through an increase in total funding of \$35 to \$40 million, its impacts also vary from board to board.

The reduction in total funding to compensate for the funding impact of declining enrolment obviously has an impact only on boards whose enrolment is declining, but also has differential impacts on boards, depending on their enrolment profile over the past four years.

Finally, identified problems with the funding formula have impacts that vary from school board to school board. However, unlike the oth-

er impacts noted above where funding changes are essentially random, these identified funding problems work systematically against the budgetary interests of school boards that serve large urban areas.

Table 3 summarizes the impacts of the various financial changes on selected boards. The same information for all 72 boards in the province is presented in Appendix A.

The table presents a reconciliation of the change from 2005–6 funding to 2006–7 to provide a picture of the nature of the immediate financial pressures faced by school boards.

To use the Toronto Catholic District School Board as an example, the top of the table analyzes changes from 2005–6 to 2006–7 to identify sources of immediate budget pressure.

Provincial initiatives tied to expenditure changes for primary class size reduction, salary increases, and the hiring of specialist teachers (elementary) and student success teachers (secondary) increase funding by \$24 million.

Changes in the design of the funding formula — the salary benchmark adjustments and the introduction of the School Foundation Grant — have a net negative budget impact of \$0.7 million.

**TABLE 3 Summary analysis of 2006–7 funding**

	Algoma District School Board	London District Catholic School Board	Ottawa- Carleton District School Board	Toronto Catholic District School Board	Toronto District School Board
<b>2005–6 operating funding</b>	116.0	166.4	548.4	740.6	2,155.8
2006–7 operating funding	114.7	173.5	556.6	753.0	2,181.1
Costs related to provincial initiatives and commitments	(3.0)	(5.5)	(17.4)	(24.0)	(68.5)
Impact of formula design changes	(0.3)	0.6	2.6	(0.7)	1.1
Non-salary cost increases	(0.8)	(0.9)	(3.0)	(3.3)	(10.6)
Total cost pressures relative to 2005–6	(4.1)	(5.8)	(17.8)	(28.0)	(77.9)
Increase (reduction) in funding 2006–7 relative to 2005–6	(1.3)	7.1	8.1	12.4	25.4
2006–7 budgetary pressure related to funding relative to 2005–6	(5.4)	1.3	(9.7)	(15.6)	(52.6)
Impact of enrolment change	(3.4)	2.0	(6.1)	(1.4)	(29.1)
2006–7 budgetary pressure not attributable to declining enrolment	(2.0)	(0.6)	(3.6)	(14.2)	(23.5)
<b>Continuing funding formula issues</b>					
Operations and maintenance	1.2	6.5	10.1	14.0	102.2
Adult education	0.7	1.0	4.0	9.3	30.6
Learning Opportunities Grant	1.9	2.4	9.5	30.0	81.1
Flexibility Funding (\$200 per student)	2.2	4.3	13.4	17.5	49.7

Non-salary cost pressures (2.5% of non-salary funding for 2005–6) are estimated at \$3.3 million, resulting in an estimate of \$28 million in cost pressures linked to funding for 2006–7 relative to 2005–6.

The board actually experienced an increase in funding of \$12.4 million, leaving an unfunded budgetary pressure of \$15.8 million.

Of that amount, \$1.4 million would be attributable to enrolment loss, leaving unfunded

budgetary pressures not attributable to enrolment change of \$14.2 million.<sup>5</sup>

Note that this implicitly assumes that there are no legacy issues from prior budget years — i.e. it assumes that the previous year's budget was balanced without drawing on reserves and without resort to extraordinary budget measures.

In the case of the Toronto District School Board, for example, the 2005–6 budget included reserve transfers of \$13.9 million and other ad hoc changes that brought the budget closer to balance without affecting the underlying budget reality.

For the Toronto District School Board, the data suggest a budget reversal of \$53 million, \$29 million of which is attributable to declining enrolment. Again, this does not take into account the impact of prior years' pressures delayed through reserve transfers and other ad hoc changes.

All of the other boards in the examples above with the exception of the Toronto Catholic District School Board also drew down reserves in 2005–6: Algoma (\$0.4 million); London (\$1.0 million); and Ottawa (\$3.0 million).

The bottom of the table sets out the estimated impact for the Toronto Catholic DSB of the areas of funding formula inadequacy identified above. The TCDSB receives \$14.0 million less than its cost-adjusted actual 1997 operations and maintenance costs. Underfunding of adult education in the formula costs the board \$9.3 million. Underfunding of the Learning Opportunities Grant costs the board \$30 million. And if a local priorities amount were reintroduced at \$200 per student, the board would receive \$17.5 million.

The Toronto District School Board loses over \$100 million per year from underfunding relative to 1997 equivalent costs of operations and maintenance and another \$30 million per year from underfunding of adult education.

The data for the Algoma District School Board illustrate a funding problem facing boards across Northern Ontario: significant funding losses resulting from declining enrolment which are not offset by the declining enrolment adjustment grant.

## An opportunity to get it right

We are at a crucial point in the evolution of education funding in Ontario. Boards across the province are at or near the end of their ability to compensate for the inadequacies of the provincial funding formula. The changes that have been introduced in the past three years may not have solved the funding problems, but they have served to clarify the shortcomings of the formula.

As a short-term measure, one way or another the government is going to have to address the budgetary problems being faced by boards this year. But our review of funding formula issues makes it clear that it would be a mistake to think that patches applied this year will make the longer-term problems go away.

Funding reform should proceed in four respects.

**First**, the government should build on its progress to date in dealing with formula benchmarks that simply do not reflect economic reality. For example, it makes no sense to provide identical funding for functions whose costs vary significantly across the province, as is the case with school operations and maintenance costs. When the basic drivers of cost are differ-

ent, equality in funding does not deliver equity in funding. In the same vein, there is no justification for providing funding for adult credit programs at half the level for secondary school students taking the same courses.

Adjusting benchmarks to reflect reality would free up funding generated by students at risk to be used for its intended purpose.

**Second**, funding for grants to support students with differential needs should be based on evidence as to what is required to meet those needs rather than being determined arbitrarily. For example, right now the Learning Opportunities Grant delivers about \$260 million to boards based using demographic variables as an indicator of the incidence of students at risk. The \$400 million contemplated in the formula's original design would today require funding of more than \$510 million. There is nothing in the design of the formula that would assist in determining the correct amount. There should be. The same observation applies in varying degrees to ESL and special education funding. Similarly, funding for student transportation should be based on clear standards limiting the amount of time

that students of various ages can be expected to spend on buses.

**Third**, the government should reconsider the relationship between fixed costs and costs that vary with enrolment that is implicit in the design of the formula. For example, it should build on the recognition of fixed costs at the school level reflected in the new School Foundation Grant to include provision for school level programming and operations. A more realistic view of fixed and variable costs would make it much more straightforward for boards to deal with fluctuations in enrolment.

**Fourth**, the government should foster an open reconsideration of the definition of “education” that is implicit in the design of the formula. The current design assumes implicitly that anything that does not involve a teacher standing in front of a classroom full of students teaching the 3Rs is not education. We need a much broader view of education to encompass what students need to succeed in public education.

Formula problems dating back to the original design of the system in 1997, many of which were specifically identified in the 2002 Rozanski Task Force report, have been left unattended. Unfortunately, problems left unattended do not go away by themselves, no matter how much a government may wish it were possible.

Nearly ten years later, we are still dealing with the consequences of a funding formula that imposes a very narrow view of what is a legitimate expenditure for education.

Nearly ten years later, we are still dealing with the consequences of a funding formula that confuses equity and equality; that provides identical funding without reference to underlying differences in cost drivers.

Nearly ten years later, with enrolment decline more the rule than the exception among Ontario school boards, we are still dealing with the consequences of a funding formula that has not struck an appropriate balance between fixed and variable costs.

Nearly ten years later, we are still dealing with the consequences of a funding formula that does not recognize adequately the additional costs inherent in serving demographically disadvantaged communities.

Nearly ten years later, we are back to a formula which provides essentially no funding recognition for locally determined priorities.

As a result, despite increased overall funding school boards are still struggling to balance the books. Programs are still threatened. Reserve funds are being drawn down.

The system is no longer in crisis, as it was at the end of the 1990s. But the funding formula is a formula for conflict, and for the education system as a whole, it is a formula for continued erosion in its ability to meet the expectations of Ontarians.

We have the opportunity to change that.

**APPENDIX A Board Detail: Summary analysis of 2006–7 funding**

	Budget year 2006–7 issues									
	2005–6 operating funding	2006–7 operating funding	Costs related to provincial initiatives and com- mitments	Impact of formula design changes	Non- salary cost increases	Total cost pressures relative to 2005–6	Increase (reduc- tion) in funding relative to 2005–6	2006–7 budgetary pressure related to funding relative to 2005–6	Impact of enrolment change	2006–7 budgetary pressure not attri- utable to declining enrolment
Algoma District School Board	116.0	114.7	(3.0)	(0.3)	(0.8)	(4.1)	(1.3)	(5.4)	(3.4)	(2.0)
Algonquin and Lakeshore Catholic District School Board	105.1	108.8	(3.2)	0.2	(0.7)	(3.7)	3.7	0.0	0.6	(0.6)
Avon Maitland District School Board	145.1	148.7	(4.5)	1.2	(0.8)	(4.1)	3.6	(0.5)	(2.2)	1.7
Bluewater District School Board	168.8	169.8	(5.0)	0.8	(0.9)	(5.1)	1.0	(4.2)	(6.1)	1.9
Brant Haldimand Norfolk Catholic District School Board	81.1	85.0	(2.7)	0.4	(0.5)	(2.7)	3.9	1.2	0.3	0.9
Bruce-Grey Catholic District School Board	32.5	32.8	(0.9)	(0.2)	(0.2)	(1.4)	0.3	(1.1)	(0.5)	(0.6)
Catholic District School Board of Eastern Ontario	118.5	123.6	(3.7)	0.1	(0.8)	(4.3)	5.1	0.8	0.4	0.5
Conseil scolaire de district catholique Centre-Sud	119.4	125.3	(3.5)	(0.5)	(1.0)	(5.0)	5.9	0.9	0.9	0.1
Conseil scolaire de district catholique de l'Est ontarien	118.8	120.6	(3.2)	(0.6)	(0.8)	(4.7)	1.8	(2.9)	(2.2)	(0.6)
Conseil scolaire de district catholique des Aurores boréales	11.6	11.6	(0.3)	(0.6)	(0.1)	(1.0)	(0.0)	(1.0)	0.2	(1.2)
Conseil scolaire de district catholique des Grandes Rivières	90.4	88.9	(2.1)	(1.6)	(0.8)	(4.5)	(1.4)	(5.9)	(3.0)	(2.9)
Conseil scolaire de district catholique du Centre-Est de l'Ontario	149.6	157.8	(4.7)	0.6	(1.0)	(5.1)	8.2	3.1	0.7	2.4
Conseil scolaire de district catholique du Nouvel-Ontario	82.4	82.7	(2.0)	(0.6)	(0.7)	(3.3)	0.3	(3.1)	(1.7)	(1.4)
Conseil scolaire de district catholique Franco-Nord	38.8	39.6	(1.1)	(0.4)	(0.2)	(1.7)	0.9	(0.9)	0.2	(1.0)



	Funding formula issues					Funding loss covered by 3-year declining enrolment adjustment				
	Operations and maintenance	Adult education	Learning Opportunities Grant	Flexibility Funding (\$200 per student)	Total formula issues	2002-3	2003-4	2004-5	2005-6	2006-7
Algoma District School Board	1.2	0.7	1.9	2.2	6.0	12%	16%	18%	30%	22%
Algonquin and Lakeshore Catholic District School Board	3.6	1.8	0.9	2.4	8.8	0%	53%	27%	26%	27%
Avon Maitland District School Board	-	0.3	1.0	3.5	4.8	17%	20%	16%	22%	15%
Bluewater District School Board	0.1	0.1	1.3	3.8	5.3	14%	20%	18%	26%	26%
Brant Haldimand Norfolk Catholic District School Board	1.2	0.1	0.7	2.1	4.1	0%	0%	0%	0%	0%
Bruce-Grey Catholic District School Board	0.4	-	0.3	0.7	1.3	14%	12%	24%	19%	9%
Catholic District School Board of Eastern Ontario	2.6	0.3	0.9	2.8	6.7	0%	0%	0%	0%	0%
Conseil scolaire de district catholique Centre-Sud	2.0	0.0	1.2	2.2	5.4	0%	0%	0%	0%	0%
Conseil scolaire de district catholique de l'Est ontarien	0.4	0.5	1.1	2.2	4.1	27%	24%	16%	18%	12%
Conseil scolaire de district catholique des Aurores boréales	0.1	-	0.2	0.1	0.4	0%	0%	0%	0%	0%
Conseil scolaire de district catholique des Grandes Rivières	0.7	0.2	1.4	1.4	3.7	16%	21%	21%	34%	30%
Conseil scolaire de district catholique du Centre-Est de l'Ontario	0.4	0.4	2.0	3.1	6.0	0%	0%	0%	0%	0%
Conseil scolaire de district catholique du Nouvel-Ontario	1.9	0.0	1.1	1.3	4.3	8%	27%	0%	28%	18%
Conseil scolaire de district catholique Franco-Nord	-	0.2	0.6	0.6	1.5	33%	33%	19%	28%	12%

**APPENDIX A Board Detail: Summary analysis of 2006–7 funding (continued)**

Budget year 2006–7 issues										
	2005–6 operating funding	2006–7 operating funding	Costs related to provincial initiatives and com- mitments	Impact of formula design changes	Non- salary cost increases	Total cost pressures relative to 2005–6	Increase (reduc- tion) in funding relative to 2005–6	2006–7 budgetary pressure related to funding relative to 2005–6	Impact of enrolment change	2006–7 budgetary pressure not attrib- utable to declining enrolment
Conseil scolaire de district des Écoles catholiques du Sud-Ouest	67.0	70.6	(2.1)	(0.6)	(0.5)	(3.2)	3.6	0.4	0.7	(0.3)
Conseil scolaire de district des Écoles publiques de l'Est de l'Ontario	100.2	106.6	(3.0)	(0.1)	(0.7)	(3.8)	6.4	2.6	1.8	0.8
Conseil scolaire de district du Centre Sud-Ouest	75.8	80.2	(2.1)	(0.9)	(0.7)	(3.7)	4.4	0.7	2.2	(1.5)
Conseil scolaire de district du Grand Nord de l'Ontario	37.7	38.0	(1.0)	(0.4)	(0.2)	(1.6)	0.4	(1.3)	(1.0)	(0.3)
Conseil scolaire de district du Nord-Est de l'Ontario	21.1	22.0	(0.6)	(0.3)	(0.1)	(1.0)	0.9	(0.2)	0.5	(0.7)
District School Board of Niagara	311.6	319.4	(9.7)	4.3	(1.8)	(7.3)	7.8	0.5	(6.7)	7.2
District School Board Ontario North East	91.8	90.9	(2.3)	(1.0)	(0.6)	(4.0)	(0.9)	(4.9)	(2.5)	(2.4)
Dufferin-Peel Catholic District School Board	625.0	649.5	(20.4)	0.3	(3.3)	(23.4)	24.6	1.1	0.2	0.9
Durham Catholic District School Board	178.7	185.9	(5.9)	1.8	(1.0)	(5.1)	7.2	2.1	(2.3)	4.4
Durham District School Board	490.0	510.8	(17.1)	2.0	(2.3)	(17.4)	20.8	3.4	(1.5)	4.9
Grand Erie District School Board	219.7	223.8	(7.0)	1.1	(1.1)	(7.0)	4.1	(2.9)	(1.5)	(1.4)
Greater Essex County District School Board	271.2	284.8	(9.6)	0.3	(1.3)	(10.5)	13.6	3.1	5.1	(2.0)
Halton Catholic District School Board	186.8	198.9	(6.4)	0.6	(1.1)	(6.9)	12.1	5.2	2.9	2.3
Halton District School Board	333.7	352.7	(12.1)	1.9	(1.3)	(11.6)	19.0	7.5	6.4	1.0
Hamilton-Wentworth Catholic District School Board	214.6	221.5	(7.3)	0.7	(0.9)	(7.5)	6.9	(0.6)	(0.1)	(0.5)
Hamilton-Wentworth District School Board	405.0	418.2	(13.6)	2.6	(1.9)	(13.0)	13.2	0.3	(2.5)	2.7
Hastings and Prince Edward District School Board	151.3	152.6	(4.4)	0.7	(1.0)	(4.7)	1.4	(3.3)	(3.4)	0.1

	Funding formula issues					Funding loss covered by 3-year declining enrolment adjustment				
	Operations and maintenance	Adult education	Learning Opportunities Grant	Flexibility Funding (\$200 per student)	Total formula issues	2002-3	2003-4	2004-5	2005-6	2006-7
Conseil scolaire de district des Écoles catholiques du Sud-Ouest	1.8	0.0	0.6	1.3	3.7	0%	0%	0%	0%	0%
Conseil scolaire de district des Écoles publiques de l'Est de l'Ontario	1.0	1.5	1.3	2.0	5.8	0%	0%	0%	0%	0%
Conseil scolaire de district du Centre Sud-Ouest	3.9	-	1.0	1.3	6.2	0%	0%	0%	0%	0%
Conseil scolaire de district du Grand Nord de l'Ontario	0.9	0.0	0.3	0.4	1.7	0%	0%	0%	0%	19%
Conseil scolaire de district du Nord-Est de l'Ontario	-	-	0.3	0.3	0.6	0%	0%	0%	0%	0%
District School Board of Niagara	4.8	2.0	3.2	7.9	18.0	19%	28%	18%	25%	20%
District School Board Ontario North East	1.6	0.3	1.2	1.6	4.8	27%	14%	13%	27%	25%
Dufferin-Peel Catholic District School Board	37.7	7.6	9.1	16.8	71.1	0%	0%	0%	0%	0%
Durham Catholic District School Board	10.8	0.9	1.3	4.8	17.8	0%	220%	25%	22%	24%
Durham District School Board	14.3	2.4	2.9	13.2	32.9	0%	0%	0%	0%	0%
Grand Erie District School Board	3.5	0.6	2.2	5.5	11.8	23%	26%	17%	25%	11%
Greater Essex County District School Board	1.7	1.3	4.0	7.4	14.4	0%	0%	14%	14%	0%
Halton Catholic District School Board	6.5	1.0	0.9	5.4	13.7	0%	0%	0%	0%	0%
Halton District School Board	3.2	1.3	1.2	9.3	15.0	0%	0%	0%	0%	0%
Hamilton-Wentworth Catholic District School Board	1.8	3.3	3.5	5.6	14.2	0%	0%	17%	7%	0%
Hamilton-Wentworth District School Board	0.0	2.5	8.1	10.4	20.9	10%	25%	15%	20%	11%
Hastings and Prince Edward District School Board	2.6	0.4	1.8	3.5	8.2	8%	21%	19%	26%	18%

**APPENDIX A Board Detail: Summary analysis of 2006–7 funding (continued)**
**Budget year 2006–7 issues**

	2005–6 operating funding	2006–7 operating funding	Costs related to provincial initiatives and com- mitments	Impact of formula design changes	Non- salary cost increases	Total cost pressures relative to 2005–6	Increase (reduc- tion) in funding relative to 2005–6	2006–7 budgetary pressure related to funding relative to 2005–6	Impact of enrolment change	2006–7 budgetary pressure not attri- utable to declining enrolment
Huron-Perth Catholic District School Board	41.4	41.7	(1.2)	(0.4)	(0.3)	(1.9)	0.3	(1.6)	(1.0)	(0.6)
Huron-Superior Catholic District School Board	55.4	54.7	(1.5)	0.1	(0.4)	(1.8)	(0.7)	(2.5)	(1.6)	(0.9)
Kawartha Pine Ridge District School Board	291.3	301.9	(9.2)	2.5	(1.7)	(8.5)	10.6	2.1	(4.5)	6.6
Keewatin-Patricia District School Board	65.6	64.3	(1.7)	(1.4)	(0.4)	(3.5)	(1.3)	(4.7)	(1.6)	(3.1)
Kenora Catholic District School Board	12.0	12.4	(0.3)	(0.0)	(0.1)	(0.5)	0.4	(0.1)	(0.2)	0.1
Lakehead District School Board	104.3	102.8	(2.9)	0.5	(0.6)	(3.0)	(1.5)	(4.4)	(3.4)	(1.0)
Lambton Kent District School Board	199.7	201.3	(6.0)	1.6	(1.3)	(5.7)	1.6	(4.0)	(5.0)	1.0
Limestone District School Board	184.5	187.8	(5.3)	1.0	(1.3)	(5.6)	3.3	(2.3)	(5.0)	2.6
London District Catholic School Board	166.4	173.5	(5.5)	0.6	(0.9)	(5.8)	7.1	1.3	2.0	(0.6)
Near North District School Board	113.7	115.1	(3.2)	(0.2)	(0.7)	(4.1)	1.4	(2.7)	(1.9)	(0.8)
Niagara Catholic District School Board	174.4	182.8	(5.8)	1.7	(1.1)	(5.1)	8.3	3.2	(0.2)	3.4
Nipissing-Parry Sound Catholic District School Board	32.5	33.0	(0.9)	(0.0)	(0.2)	(1.1)	0.6	(0.6)	(0.7)	0.2
Northeastern Catholic District School Board	29.1	28.9	(0.7)	(0.9)	(0.2)	(1.9)	(0.2)	(2.1)	(0.9)	(1.2)
Northwest Catholic District School Board	13.0	12.8	(0.4)	(0.3)	(0.1)	(0.8)	(0.2)	(0.9)	(0.2)	(0.7)
Ottawa-Carleton Catholic District School Board	311.6	326.8	(9.7)	3.4	(2.0)	(8.3)	15.1	6.8	0.8	6.0
Ottawa-Carleton District School Board	548.4	556.6	(17.4)	2.6	(3.0)	(17.8)	8.1	(9.7)	(6.1)	(3.6)
Peel District School Board	976.4	1,033.3	(35.4)	(2.7)	(5.1)	(43.2)	56.9	13.7	22.1	(8.4)
Peterborough Victoria Northumberland and Clarington Catholic District School Board	116.8	122.5	(3.7)	0.9	(0.7)	(3.5)	5.7	2.3	(0.0)	2.3
Rainbow District School Board	137.3	141.5	(4.0)	0.0	(0.9)	(4.9)	4.1	(0.7)	(0.4)	(0.3)
Rainy River District School Board	31.4	29.7	(0.7)	(0.8)	(0.3)	(1.8)	(1.7)	(3.5)	(2.6)	(0.9)

	Funding formula issues					Funding loss covered by 3-year declining enrolment adjustment				
	Operations and maintenance	Adult education	Learning Opportunities Grant	Flexibility Funding (\$200 per student)	Total formula issues	2002-3	2003-4	2004-5	2005-6	2006-7
Huron-Perth Catholic District School Board	0.6	-	0.3	0.9	1.8	0%	0%	0%	16%	19%
Huron-Superior Catholic District School Board	1.1	0.2	1.0	1.1	3.4	29%	25%	21%	36%	29%
Kawartha Pine Ridge District School Board	3.1	0.8	2.0	7.3	13.1	9%	26%	19%	21%	16%
Keewatin-Patricia District School Board	1.1	0.2	0.7	1.1	3.2	8%	17%	22%	28%	20%
Kenora Catholic District School Board	0.1	-	0.3	0.2	0.6	0%	0%	0%	0%	0%
Lakehead District School Board	2.6	0.4	1.4	2.2	6.6	20%	20%	23%	41%	24%
Lambton Kent District School Board	2.1	0.9	1.4	4.9	9.4	8%	24%	21%	25%	21%
Limestone District School Board	2.5	2.5	1.7	4.2	10.8	19%	25%	20%	23%	21%
London District Catholic School Board	6.5	1.0	2.4	4.3	14.1	0%	163%	0%	21%	0%
Near North District School Board	1.8	0.3	1.6	2.4	6.1	12%	16%	12%	15%	12%
Niagara Catholic District School Board	7.0	3.4	1.6	4.7	16.7	0%	0%	0%	41%	0%
Nipissing-Parry Sound Catholic District School Board	0.2	0.2	0.5	0.6	1.5	14%	37%	21%	11%	18%
Northeastern Catholic District School Board	1.5	-	0.5	0.5	2.5	2%	17%	15%	21%	26%
Northwest Catholic District School Board	0.2	-	0.2	0.2	0.7	0%	0%	0%	48%	33%
Ottawa-Carleton Catholic District School Board	2.4	5.7	4.4	7.8	20.2	0%	0%	0%	16%	0%
Ottawa-Carleton District School Board	10.1	4.0	9.5	13.4	36.9	76%	31%	16%	23%	16%
Peel District School Board	13.6	6.8	13.5	27.5	61.5	0%	0%	0%	0%	0%
Peterborough Victoria Northumberland and Clarington Catholic District School Board	1.4	0.1	0.7	2.9	5.1	0%	0%	0%	0%	0%
Rainbow District School Board	1.7	0.6	1.6	3.1	7.0	8%	15%	15%	19%	38%
Rainy River District School Board	0.2	0.0	0.5	0.5	1.2	8%	17%	20%	32%	41%

**APPENDIX A Board Detail: Summary analysis of 2006–7 funding (continued)**

	Budget year 2006–7 issues									
	2005–6 operating funding	2006–7 operating funding	Costs related to provincial initiatives and com- mitments	Impact of formula design changes	Non- salary cost increases	Total cost pressures relative to 2005–6	Increase (reduc- tion) in funding relative to 2005–6	2006–7 budgetary pressure related to funding relative to 2005–6	Impact of enrolment change	2006–7 budgetary pressure not attrib- utable to declining enrolment
Renfrew County Catholic District School Board	43.7	44.3	(1.3)	(0.6)	(0.3)	(2.2)	0.6	(1.6)	(0.7)	(0.9)
Renfrew County District School Board	87.3	88.8	(2.6)	0.4	(0.6)	(2.7)	1.5	(1.2)	(0.8)	(0.5)
Simcoe County District School Board	394.9	412.0	(13.1)	1.7	(2.2)	(13.7)	17.0	3.4	0.3	3.1
Simcoe Muskoka Catholic District School Board	163.2	170.4	(5.1)	1.5	(1.0)	(4.6)	7.2	2.6	(1.2)	3.8
St. Clair Catholic District School Board	87.9	88.0	(2.6)	0.3	(0.5)	(2.9)	0.1	(2.8)	(2.2)	(0.6)
Sudbury Catholic District School Board	57.9	59.5	(1.6)	0.1	(0.5)	(2.0)	1.6	(0.4)	0.7	(1.1)
Superior North Catholic District School Board	11.4	10.6	(0.3)	(0.8)	(0.1)	(1.1)	(0.8)	(1.9)	(0.3)	(1.7)
Superior-Greenstone District School Board	30.1	28.4	(0.7)	(1.2)	(0.2)	(2.1)	(1.7)	(3.8)	(1.2)	(2.5)
Thames Valley District School Board	593.0	605.2	(19.2)	3.3	(3.1)	(18.9)	12.2	(6.7)	(7.4)	0.7
Thunder Bay Catholic District School Board	68.6	71.4	(2.2)	0.2	(0.5)	(2.4)	2.8	0.4	0.1	0.2
Toronto Catholic District School Board	740.6	753.0	(24.0)	(0.7)	(3.3)	(28.0)	12.4	(15.6)	(1.4)	(14.2)
Toronto District School Board	2,155.8	2,181.1	(68.5)	1.1	(10.6)	(77.9)	25.4	(52.6)	(29.1)	(23.5)
Trillium Lakelands District School Board	164.7	166.6	(4.9)	0.1	(1.0)	(5.8)	1.9	(3.9)	(3.7)	(0.2)
Upper Canada District School Board	274.4	280.5	(8.1)	2.3	(1.7)	(7.5)	6.1	(1.4)	(6.4)	5.0
Upper Grand District School Board	243.8	252.7	(8.2)	1.5	(1.4)	(8.1)	8.9	0.8	2.0	(1.2)
Waterloo Catholic District School Board	168.9	175.8	(5.7)	0.9	(0.9)	(5.7)	6.9	1.2	(0.5)	1.7
Waterloo Region District School Board	425.9	442.1	(14.7)	1.9	(2.0)	(14.7)	16.1	1.4	(0.4)	1.8
Wellington Catholic District School Board	61.9	65.1	(2.1)	0.3	(0.4)	(2.1)	3.2	1.1	0.3	0.7
Windsor-Essex Catholic District School Board	195.2	201.4	(6.7)	0.4	(0.8)	(7.0)	6.2	(0.9)	0.6	(1.5)
York Catholic District School Board	379.5	406.3	(13.1)	1.3	(2.3)	(14.1)	26.8	12.6	13.5	(0.9)
York Region District School Board	761.0	801.9	(25.9)	1.6	(4.3)	(28.6)	40.8	12.2	11.4	0.7

	Funding formula issues					Funding loss covered by 3-year declining enrolment adjustment				
	Operations and maintenance	Adult education	Learning Opportunities Grant	Flexibility Funding (\$200 per student)	Total formula issues	2002-3	2003-4	2004-5	2005-6	2006-7
Renfrew County Catholic District School Board	0.0	0.0	0.5	1.0	1.5	0%	8%	5%	12%	20%
Renfrew County District School Board	0.4	0.3	0.7	2.1	3.5	7%	11%	17%	37%	20%
Simcoe County District School Board	-	2.0	2.1	10.6	14.7	0%	0%	0%	0%	0%
Simcoe Muskoka Catholic District School Board	9.9	-	0.7	4.2	14.7	0%	0%	0%	0%	0%
St. Clair Catholic District School Board	1.5	0.0	0.6	2.1	4.2	14%	17%	16%	27%	16%
Sudbury Catholic District School Board	1.7	0.3	0.8	1.3	4.2	18%	19%	18%	23%	13%
Superior North Catholic District School Board	0.1	-	0.2	0.1	0.5	0%	25%	23%	16%	11%
Superior-Greenstone District School Board	0.5	0.1	0.5	0.4	1.5	6%	22%	23%	31%	23%
Thames Valley District School Board	1.8	5.0	6.5	15.0	28.3	12%	25%	18%	20%	13%
Thunder Bay Catholic District School Board	-	0.0	0.8	1.6	2.4	0%	0%	0%	0%	0%
Toronto Catholic District School Board	14.0	9.3	30.0	17.5	70.8	25%	32%	16%	24%	4%
Toronto District School Board	102.2	30.6	81.1	49.7	263.8	0%	38%	20%	23%	15%
Trillium Lakelands District School Board	3.9	0.5	1.0	3.7	9.1	19%	17%	14%	22%	19%
Upper Canada District School Board	2.8	2.2	1.8	6.3	13.1	9%	10%	12%	19%	16%
Upper Grand District School Board	7.1	2.0	1.4	6.5	17.0	0%	25%	12%	111%	0%
Waterloo Catholic District School Board	-	2.4	1.7	4.5	8.7	0%	0%	0%	0%	0%
Waterloo Region District School Board	6.7	2.3	4.3	11.3	24.7	0%	48%	17%	28%	0%
Wellington Catholic District School Board	2.6	-	0.5	1.6	4.7	0%	0%	0%	0%	0%
Windsor-Essex Catholic District School Board	4.4	0.6	2.7	5.2	12.9	0%	22%	16%	16%	19%
York Catholic District School Board	9.6	2.8	4.0	10.4	26.8	0%	0%	0%	0%	0%
York Region District School Board	34.1	5.2	8.2	20.6	68.1	0%	0%	0%	0%	0%

# Notes

**1** This analysis is based on the Ministry of Education's School Board Funding Projections for the 2006–07 School Year, school board funding and spending estimates for 2005–6, 2004–5 and 2003–4, the 2006–7 grants regulation and various so-called “B-memos” from the Ministry to board administrators.

**2** Cost adjustment for 1997 to 2003 based on Statistics Canada's Education Price Index (CANSIM 478-0013). Adjustment for 2003 to 2006 based on Statistics Canada's Consumer Price Index to July 2006 and projections based on annual rate of 2% thereafter.

**3** The estimated value of the additional funding for specialist teachers and student success teachers is calculated from Foundation Grant benchmarks.

**4** The impact is “approximately” \$38 million for two reasons. First, the province is not funding fully the implementation of the provincial framework agreement on elementary teacher preparation time and specialist teachers. The framework assumes that boards will fund a portion of the increase in preparation time from internal savings. Second, to the extent that boards already provide for secondary teachers above the level implied by the funding formula and/or for preparation time in excess of the 180 minutes mandated for 2006–7, no board expenditure will be required to meet that provincial commitment.

**5** The impact of enrolment is calculated by multiplying the percentage enrolment gain (loss) by the amount of the board's formula funding which is tied to enrolment.





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