

2007: B1

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

FROM: Nancy Naylor
Assistant Deputy Minister

DATE: February 13, 2007

SUBJECT: **In-year amendments to education funding regulations,
2005-06 and 2006-07**

I am writing to provide you with information about in-year amendments to the education funding regulations that have been approved by the Lieutenant Governor in Council. These amendments, which make changes to the funding regulations for both the 2005-06 and 2006-07 school years, are effective immediately.

These amendments implement decisions made after the initial release of the regulations and address technical and other issues.

The current amendments to the 2005-06 and 2006-07 regulations affect the following areas of the GSN. Note that some amendments apply in only one of the two years – each item includes information about the year or years affected.

Trustee Remuneration

In the memorandum of October 13, **2006: B10 – Funding for retroactive costs of 2005-06 trustee remuneration**, school boards were advised that the Ministry would provide \$2.1M to cover 50 per cent of the costs for the maximum retroactive increases in trustee remuneration for the 2005-06 school year. These retroactive increases are the increases that a board may have elected to pay for the period September 1, 2005, to November 30, 2006, as described in section 11. of *Ontario Regulation 357/06 – Honoraria For Board Members*.

Amendments to the 2005-06 and 2006-07 regulations now provide the authority for the Ministry to allocate the funding for these retroactive increases. Changes to the 2005-06 regulations cover the period September 1, 2005, to August 31, 2006, (that is, the 2005-06 school year), while changes to the 2006-07 regulations provide funding for the period September 1 to November 30, 2006, (that is, the portion of the 2006-07 school year for which a retroactive increase is possible).

Amendments to the 2006-07 regulations have also been made to implement the government's commitment to provide additional funding to support 50 per cent of the ongoing cost of increases in trustee remuneration starting on December 1, 2006. These amendments reflect the provisions of sections 2. to 10. of *Regulation 357/06*.

Information about funding support for student trustees' honoraria and expenses will be provided in the near future.

Declining Enrolment Adjustment

Both the 2005-06 and 2006-07 regulations have been amended to exclude the Trustees Component of the School Board Administration and Governance Grant from the calculation of the Declining Enrolment Adjustment (DEA). This ensures that the additional funding for trustee remuneration described above will not affect the calculation of a board's DEA amount.

Not Permanently Financed Debt – Capital Debt Commitments

Starting in 2006-07, the Ministry may approve funding to support a board's annual debt service costs on long-term debts committed after August 31, 1998, and before August 31, 2005, that exceed the current year's New Pupil Places Allocation under the Debt Commitment Allocation. The 2006-07 regulation was amended to recognize debt service costs on not permanently financed debts incurred during the same period that meet the eligibility criteria.

Not Permanently Financed Debt – Growth Schools

In 2006-07, the Ministry introduced the Growth Schools program to fund additional pupil places in areas of growth where a board's New Pupil Places Allocation is insufficient to pay for debt service costs on long-term debts committed after August 31, 1998, and before August 31, 2005. For Growth Schools purposes, the definition of "debt" references the previous year's regulation. Both the 2005-06 and 2006-07 regulations have been amended to include debt service costs on not permanently financed debts incurred during the same period.

Primary Class Size – Pupil Accommodation

Three amendments have been made related to meeting pupil accommodation needs arising from the primary class size cap initiative:

- (a) In the memoranda of June 12, **2006: B8 – Education Funding for 2006-07**, and June 30, **2006: SB10 – Primary Class Size Capital Funding Changes for 2005-06 and 2006-07**, school boards were notified of an opportunity to make an adjustment to their elementary capital stock to reflect the increased space required to support smaller primary class sizes. As noted in these memoranda, the Ministry would, where appropriate, recommend a revised allocation of pupil places to meet primary class size space needs. To date, Ministry approvals have been issued to 64 boards. Table 15.3 in the 2005-06 GSN regulation and Table 18 in the 2006-07 regulation have now been updated to reflect these revised primary class size capital approvals.
- (b) The 2005-06 and 2006-07 regulations have been amended to recognize school boards' costs for relocating and installing temporary accommodations for the

purpose of addressing primary class size capital needs. This will enable school boards to expense these costs for temporary accommodations that are currently owned or leased by the board within the current school year, as opposed to over 25 years.

- (c) An amendment to the 2006-07 regulations allows school boards that find savings from some of their PCS capital projects to use these savings to cover costs on other PCS-related capital projects. This gives boards greater flexibility to access their full PCS capital entitlements to cover PCS-related capital costs.

Best Start

In the memorandum of June 12, **2006: B8 – Education Funding for 2006-07**, the Ministry confirmed an annual commitment of \$2M in funding, beginning in 2006-07, for Best Start child care centres in new schools. An amendment to the 2006-07 regulations now provides the authority for the Ministry to flow funds to school boards that have received approval for the construction of Best Start child care spaces in new schools.

The amendment reflects the funding approach described in **2006: B8**. New schools are those that are planned, tendered, or under construction in the 2005-06 or the 2006-07 school years. Capital funding is conditional on confirmation and written documentation from school boards that child care spaces at a new school have been approved by the municipality and are contained within a municipally-approved Best Start Plan for which operating funds have been committed. Funding will be based on the lesser of the amount approved by the Ministry (number of child care spaces x elementary school benchmarks x 1.4 child care centre cost escalation) and the actual construction cost of the child care centre, including soft costs (architect and legal fees, landscaping, furniture and equipment, and permit fees).

Good Places to Learn

Since the release of memorandum **2006: B8 – Education Funding for 2006-07**, the Ministry has performed an extensive data validation exercise for the Good Places to Learn (GPL) Stage 2 data to correct for eligible facilities that were not captured in the original GPL Stage 2 calculation. In addition, the Ministry also verified the cost-sharing percentages between shared/leased facilities as previously indicated by boards and re-calculated program needs on a school-by-school basis. These have resulted in changes to the GPL Stage 2 allocations identified in Table 15 of the 2006-07 GSN.

Consequently, Table 15 was amended to correct for the above-mentioned situations.

For boards whose renewal needs have increased as a result of this re-calculation, the Ministry has increased the Stage 2 allocation accordingly (as indicated in the amended Table 15). For boards whose renewal needs have decreased as a result of this recalculation, the Ministry will leave their allocation as originally announced on June 19, 2006, to prevent disruption in the project planning cycle for these boards. However, the over-allocation will be adjusted from their Stage 3 allocation in 2007-2008. The adjustments to be made in GPL Stage 3 are indicated in *Appendix D: Allocation Adjustments to be made in GPL Stage 3* of the revised *Good Places to Learn Stage 2 Allocation* document located on the Ministry's ftp site at <ftp://ftp.edu.gov.on.ca/sfis/facilities-policy-review/> .

In addition, since the GPL initiative is funded by a 25-year amortized principal and interest payment, whereas School Renewal is funded by annual grants, the GPL initiative has been moved to a separate section in the 2006-07 regulations. This will simplify the administration of the GPL program and the School Renewal Allocation funding.

Technical Amendments

New Pupil Places/Primary Class Size – Financing costs of Temporary Accommodation

This amendment to the 2006-07 regulations allows boards to carry forward acquisition costs associated with temporary accommodations that were acquired by a school board in a prior year to address new pupil places or primary class size. This change provides boards with a mechanism to amortize these costs over a 25-year period.

Distant Schools and Rural Schools

Tables 4 and 5 (2005-06 and 2006-07 regulations) regarding Distant Schools and Table 20 (2005-06 regulation) and Table 22 (2006-07 regulation) regarding Rural Schools have been updated to reflect the addition of new schools meeting the criteria and the removal of existing schools that have closed.

Revocation of outdated regulations

The following regulations have been revoked:

- *Student Focused Funding — Legislative Grants For The 2000-2001 School Board Fiscal Year – O. Reg. 170/00*
- *Calculation Of Fees For Pupils For The 2000-2001 School Board Fiscal Year – O. Reg. 169/00*
- *Calculation Of Average Daily Enrolment For The 2000-2001 School Board Fiscal Year – O. Reg. 168/00*
- *O.Reg. 298/00 (Grants for Improved Access for Special Education)*
- *O. Reg. 433/00 (Legislative Grants - Transportation Supplement)*
- *O.Reg. 485/01(Legislative Grants - Transportation Supplement, (No. 2))*
- *O.Reg. 507/01 (Legislative Grants - Capital Supplement for Drinking Water Systems)*
- *O.Reg. 137/02 (Legislative Grants - Textbooks and Learning Resources)*

Financial reporting

Most of the amendments described in this memorandum have already been included in the 2006-07 Revised Estimates forms. Other amendments will be addressed in Financial Statements.

Ministry contacts

If you require further information about the in-year amendments that affect capital funding, please contact Nancy Whynot at (416) 325-4030 or nancy.whynot@ontario.ca. Inquiries about other amendments, including trustee remuneration and the Declining Enrolment Adjustment, may be directed to Didem Proulx at (416) 327-9060 or didem.proulx@ontario.ca.

The Ministry is pleased to recognize the good work that school boards are doing to manage Ontario's investments in education for the benefit of all our students. Our common focus on the province's key priorities of literacy and numeracy, smaller primary classes, and improved high school graduation rates continues to result in positive change. I am sure that our partnership will continue to build on these achievements throughout the second half of this school year and in the future.

A handwritten signature in black ink that reads "Nancy Naylor". The signature is written in a cursive, flowing style.

Nancy Naylor
Assistant Deputy Minister

Copy: Superintendents of Business and Finance