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Faith, Hope & Charity

TORONTO CATHOLIC DISTRICT SCHOOL BOARD

SUBMISSION TO THE GOVERNMENT OF ONTARIO STANDING COMMITTEE ON FINANCE AND ECONOMIC AFFAIRS PRE-BUDGET CONSULTATION HEARINGS

FEBRUARY 2004



BOARD OF TRUSTEES

Twelve elected trustees provide a governance function for the Toronto Catholic District School Board. They set policies and priorities, approve programs, set programs, approve the budget and represent the broader community.

Each year one secondary school student is selected to serve on the Board as a Student Trustee.

TRUSTEES 2004

Wards

1. Joseph Martino, **Vice-Chair**
 2. Ann Andrachuk
 3. Sal Piccininni
 4. Mary Cicogna
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 9. Catherine LeBlanc-Miller, **Honorary Treasurer**
 10. Barbara Poplawski
 11. Angela Kennedy
 12. Paul John Crawford
- Kyle Iannuzzi, Student Trustee

TORONTO CATHOLIC DISTRICT SCHOOL BOARD PROFILE

Total number of students	95,228
Elementary Students	66,743
Secondary Students	28,485
Teachers	5,390*
Support/Academic Staff	2,406*
Principals/Vice-Principals	308*
Administration & Governance	202
Total number of schools	201
Elementary Schools	168
Secondary Schools	31
Combined Schools	2

(Cardinal Carter Academy for the Arts & St. Michael Choir School)

**Staffing figures are based on full-time equivalency.*

Oliver Carroll
Chair of the Board

Tom Donovan
Director of Education

EXECUTIVE SUMMARY

This brief outlines the major financial challenges facing the TCDSB and offers recommendations to meet those challenges.

1. **Issue: Funding**

The Ministry of Education established "benchmarks" in 1998 that determined the level of funding received by Ontario school boards.

The "benchmarks" continually need updating to reflect actual costs of school boards.

Recommendation:

TCDSB reiterates the recommendation made by the Education Equality Task Force 2002 (the "Task Force") that the Ministry of Education should update the benchmark costs for all components of the funding formula (foundation grant, special purpose grants, pupil accommodation grant) to reflect costs through August 2003, and that funding that reflects these updated benchmark costs be phased in over 3 years starting in 2003/2004 as part of a multi-year funding plan.

2. **Issue: Declining Enrolment**

Recommendation:

To allow boards additional time to adjust their cost structures, this grant should be initiated and continued for at least five years to reflect declining enrolment.

3. **Issue: Capital Funding**

Recommendation:

The school boards require enhanced funding under the funding formula to finance compliance with the ministry moratorium on school closures.

Further, the TCDSB urges the government to adopt a "review area" approach to the determination of new pupil place grants. This would resolve the problem of obtaining new pupil place grants to finance construction of new schools in one area of the city by closing schools in an under – enrolled area. This problem is exacerbated by the issue of small schools.

Further, replacement pupil place grants should be provided for any facility that is deemed to be prohibitive to repair, regardless of excess capacity in the review area.

Further, construction cost benchmarks and the additional costs associated with urban rather than greenfield construction should be recognized.

Further, grants must be enhanced to cover the cost of acquiring land on which a new school is to be built, where the new school is replacing leased school premises.

4. **Issue: Renewal Capital Planning**

TCDSB requires well in excess of \$300 million to fund its deferred maintenance program in respect of its old schools.

Recommendation:

The Task Force recommends a \$200 million annual fund for deferred maintenance which would fund the principal and interest costs incurred by boards to service approximately \$2.0 billion debt to finance deferred maintenance. Although this is a significant first step in addressing this problem, this amount falls significantly short of what is needed to adequately fund the \$5.6 billion of deferred maintenance identified by the Task Force. The Ministry should continue to monitor the renewal needs of school boards.

5. **Issue: Small Schools**

TCDSB has schools, both elementary and secondary, that were built physically small and are operating at or above capacity, as well as schools that are not physically "small", but are under enrolled. The funding model does not fund a principal, secretary, teacher librarian and caretaker for small elementary and secondary schools nor a vice-principal for a small secondary school.

Recommendations:

We urge the government to ensure that adjustments are made to the funding model that recognize the historical circumstances that led to the construction of small capacity schools and to fully fund a principal, school secretary, and caretaker for each school and to increase funding to provide for additional vice-principal and teacher librarian staffing.

6. **Issue: Arbitration Award**

TCDSB has an un-funded liability of \$12.0 million in respect of salaries for all employee groups for 2004/2005. \$6.0 million of the un-funded liability is as a result of the arbitration award for elementary teachers imposed on the Board. Secondary school teachers salaries have increased \$3.0 million as a result of a negotiated agreement based on the amount awarded by the arbitrator to elementary school teachers.

Since salary increases for other unionized employee groups tend to correspond to those provided to the teachers, TCDSB estimates it will have an unfunded liability for these groups in fiscal year 2004/2005 of \$3.0 million.

On the assumption that grants remain at current levels TCDSB has determined that just to meet its current ongoing activity level it would need an additional \$19 million in the 2004/2005 fiscal year, and \$29 million annually in the 2005/2006, and \$29 million for 2006/2007 fiscal years to avoid a corresponding annual operating deficit.

Recommendation:

TCDSB requests that the government provide grant increases that fully fund all of the annual increases imposed upon by the Board as a result of the arbitration award.

7. **Issue: Qualification & Experience Grant**

Based on the average salary in the current Q & E grid the TCDSB salaries in all areas of the grid are over the benchmark average. This results in a shortfall in classroom teacher's salaries of about \$19.4 million for the 2003/2004 fiscal year.

Recommendation:

The funding model Q & E grant benchmark must be increased to address this issue.

8. **Issue: Transportation**

The existing grants are based on 1997 costs for bussing. As a result of the current formula, TCDSB received transportation grants for 2003/2004 which are approximately \$1.76 million less than required.

The TCDSB has an additional \$1.7 million shortfall in transportation funding for 2003/2004 in respect of one time costs related directly to the bussing of students when building a new school.

A funding formula that would require TCDSB to participate in a transportation consortium may inhibit the Board's ability to meet the transportation needs of its students.

Recommendation:

Transportation funding formula be reviewed to reflect the current and on going needs of school boards and that one time costs related directly to the bussing of students when building a new school on an existing site should be provided for in the transportation grant model.

9. **Issue: Government proposal to cap JK to Gr. 3 at 20 students.**

The estimated additional cost to TCDSB for additional salary costs alone would be over \$14.0 million annually, excluding the costs of providing the additional teaching spaces.

The estimated additional costs to TCDSB of the proposed cap is approximately \$20.0 million, which includes \$14.0 million annually for additional salary costs and \$6.0 million for additional teaching spaces, assuming the additional teaching spaces can be accommodated in existing schools. We appreciate the government focus on the early years of education.

Recommendation:

TCDSB suggests that the proposed cap on class sizes for grades JK through grade 3 at 20 students be carefully examined in view of the additional costs. If implemented, boards should be provided with additional funding in all affected areas of board budgets.

PREAMBLE:

Toronto Catholic District School Board is pleased to submit its comments with regard to the Ontario Government budget process as it relates to elementary and secondary education funding.

TCDSB fully supports the objectives of a student focused funding model which:

- Provides a fair and equitable level of funding for all students, wherever they live in Ontario;
- Provides more funding to benefit students in the classroom;
- Provides funding to properly maintain existing schools and build new schools where they are needed;
- Protects and enhances funding for students with special needs;
- Promotes the principles on which the education funding mechanism was built, which include: fairness, equity, responsiveness to learner's needs and accountability;
- Improves the stability of the education system;
- Respects the legislative and constitutional framework for education in Ontario, which includes Public and Catholic, French and English language school boards.

TCDSB supports the principles noted above, and urges the government to strive for inclusion of these principles in the allocation of financial resources it makes for elementary and secondary education in the province and to take steps to address the issue of adequacy of resources.

The Education Funding Formula: Overview

The model, as it currently exists has many good features, including the creation of new grant and expenditure categories which provide an ‘enveloping’ system that improves accountability for funds spent in our schools and for our students. The model attempts to provide for equity in the funding available for all students via the grant structure.

As with any new initiative there is always room for improvements and adjustments. In the case of the education funding model, specific improvements would be beneficial in several areas including the key areas: **capital grants, operating grant benchmark levels, the significant financial impact of small schools on the Board’s resources, declining enrolment grants, transportation grants, teacher qualification and experience grants, grants relating to class size and the multi-year stability of grants.**

As a general proposition, the funding model provides an appropriate mechanism to respond to the differing needs of students and the different needs of school boards across the Province. However, it falls short because the benchmarks in major categories were set too low when the new funding model was introduced in 1998, and were based on historical patterns rather than need. Furthermore, the funding model does not adequately fund local needs and costs of some school boards.

TCDSB believes that as long as the funds per student, and in turn the funds available to the Board overall, are adequate to provide equality of educational opportunity for our students, then

our Board would view the funding model as sound. Unfortunately a number of inequities remain, such as the costs of operating small schools and the fact that, at the commencement of the new funding model in 1998, there was an assumption that all boards were on an equal playing field. In fact TCDSB came into the model with an historical disadvantage.

Notwithstanding its historical disadvantage relative to the Toronto District School Board, the Toronto Catholic District School Board has been very diligent in ensuring that it submits a balanced budget and avoids incurring an operating deficit. Notwithstanding the Board's diligence, it has been required to make many painful decisions which stem from the inequitable position of our Board relative to our coterminous public board at the start of this funding model in 1998. The conditions, which remain from that historical inequity, have never been completely corrected.

For example, in the two years following the introduction of the current model, TCDSB reduced administration staffing by 91 positions or 28% of total administration staffing; school vice-principal and secretarial staffing was also reduced; school caretaking staffing was reduced by 158 positions or 20%; and in the elementary panel staffing was reduced by 90 teachers and 60 teachers in secondary. The Board also made the extremely difficult decision to close 20 schools, which were in fact closed by the end of the 2002 school year.

Even with all of the above-noted cutbacks, TCDSB still struggles every year to manage all of our needs and cost pressures within the constraints of the grant envelopes we receive. In the 2003 – 2004 fiscal year, the balanced budget was established with the knowledge that :

- There would be continuing reductions in staffing full time equivalents (FTE) including principals, vice-principals, teachers, school secretaries and reduction in office operation expenses due to declining enrolment.
- There would be a lack of sufficient transportation funding to cover increased rates from bussing companies (because the funding model is based on 1997 expenditure levels rather than current levels). There would also be insufficient funds to provide any secondary school student transportation. Coterminous boards provide bussing for secondary school students. TCDSB eliminated this service for secondary schools because of lack of funding.
- The ongoing operation of a large number of 'small schools' (despite the consolidations which have already taken place) creates great financial pressures in balancing the budget and allocating resources.
- The actual salaries for TCDSB teachers in virtually every grid category are higher than the salary grid for teachers used in the funding model, which means that grants received for other needy areas must be allocated from needed local priorities and declining enrolment grants to help make up the difference (for TCDSB this difference in 2003 - 2004 is approximately \$40 million).
- The actual cost of providing maintenance for schools exceeds ministry grants for school operations by \$4.0 million.
- The estimate of the deferred maintenance for TCDSB's old buildings is up to \$410 million.

In this brief TCDSB asks that the Standing Committee consider the following specific issues in relation to the budget provisions the government will make for elementary and secondary education in the province:

A: The Funding Formula:

1. Cost / Funding Benchmarks:

The Ministry of Education has established cost “benchmarks” for components of the funding formula grants. Benchmarks have two parts – benchmark factors (items or activities that trigger costs) and benchmark costs (the dollar amount assigned to each factor).

With few exceptions, the reality of the funding formula is that benchmark factors and benchmark costs have not been significantly updated since 1998 and do not reflect actual costs incurred by school boards.

TCDSB urges that the government increase **as soon as possible** the funding benchmarks as per the Report of the Education Equality Task Force 2002 (the "Task Force"), which recommended that the Ministry of Education should update the benchmark costs for all components of the funding formula (foundation grant, special purpose grants, pupil accommodation grant) to reflect costs through August 2003, and that funding that reflects these updated benchmark costs be phased in over 3 years starting in 2003 – 2004 as part of a multi-year funding plan. This would greatly assist in meeting the real costs of education in Toronto

For example, we observed that some cost benchmarks were based on historical medians or averages for all boards rather than reflecting actual needs of boards, including the TCDSB up to 1997.

2. Need for multi-year funding:

The Task Force also recommended that in consultation with school boards and other members of the education community, the Ministry of Education should develop and implement mechanisms for annually reviewing and updating benchmark costs. Implicit in the recommendation, the Task Force also indicated "the need for a multi-year funding model to provide relative stability and an element of predictability that would help both school boards and the government plan effectively."

Multi year funding has become a necessity for all boards, which must now negotiate three (3) year collective agreements with teachers as prescribed by Section 277.11(3) of the *Education Act*.

TCDSB encourages implementation of a multi-year funding model, which we recommend to be a minimum of three years, commencing with the announcements for education funding in the 2004 Ontario budget in order to foster peace and stability in the elementary and secondary education system.

3. **Urban issues:**

TCDSB is one of the school boards in southern Ontario that has a proportionately higher number of old school facilities than the newer surrounding boards and boards that had a much higher tax assessment base in the years prior to the implementation of the current funding model. TCDSB has never had adequate funding to replace or renew its aging schools.

When funds do become available, higher costs in Toronto for unique construction needs such as parking facilities within limited site space, costs of demolition, and space for playgrounds impact on the use of the funds. Each pupil place as a result of these factors is much more expensive than the average cost across Ontario.

The school renewal grant allocation of 96 cents per square foot for schools older than 20 years and 64 cents per square foot for schools less than 20 years is much too low. The recommendation in the 1997 report by the Ministry of Education Expert Panel on the Pupil Accommodation Grant called for rates of \$1.50 and \$1.00 respectively. TCDSB recommends, that at a minimum, these proposed new school renewal benchmarks be implemented as soon as possible since they are particularly applicable in a large, mature urban area such as Toronto.

It is also a fact that TCDSB has to deal with demolition, small sites, long approval processes (plans and construction/demolition permits due to the large volumes in the city of Toronto), building code requirements, multi-level buildings and tapping into old infrastructure. The sites on which TCDSB builds are far more complex than the 905 area code serviced site building lots. There have been a large number of construction tenders processed over the past few years that clearly demonstrate the inadequacy of the construction benchmark costs used to provide grants where large, older urban areas are involved. TCDSB has estimated that for its phase 1 capital projects, which total approximately \$210 million, in excess of \$21 million of those costs relate to higher urban construction related costs that are typically not encountered in the type of 'green field' construction typically undertaken in boards outside of large mature urban areas such as Toronto.

The school renewal and construction costs deficiencies and under-funding must be rectified within an updated, revised funding model as soon as possible. In this regard TCDSB strongly believes that the government should specifically provide for funding earmarked to address these unique 'urban' school boards needs using a multi-year plan and funding commitment.

4. **Declining enrolment**

Declining enrolment in both secondary and elementary schools continues to impact TCDSB.

In order to address changes in enrolment, maximize the funding model provisions for school operations and build, renovate and maintain new school facilities, the Board has had to initiate School Accommodation (closure) Reviews in many areas around the Toronto Catholic District School Board. This caused great disruption for parents and students, and resulted in the elimination of highly valued neighbourhood schools. This in turn put TCDSB at a comparative disadvantage with its coterminous board, which has many more local neighbourhood schools that are attractive to parents and students.

The Declining Enrolment Grant is a transition grant which allows boards to change their cost structure as enrolment declines.

The Declining Enrolment Grant for 2003-2004 is estimated to be \$12.6 million for TCDSB. However TCDSB already knows that for 2004-2005, if enrolment holds steady, it will receive over \$6.2 million less in Declining Enrolment Grant. The Board also knows that the continued operation of the same number of schools in the face of declining enrolment, with their attendant "fixed" costs, will place enormous pressures on the Board's resources when this grant is discontinued.

Furthermore, the current funding model does not adequately fund the cost of teachers salaries. This is exacerbated in small schools.

We know that, with the end of the double cohort year for secondary students and the completion of the change to a four year secondary school program, the impact of declining enrolment will be greater. Changes simply cannot be made over a one or two year timeframe. As a result, transition adjustments to this grant should be initiated and continued for at least five years until stability is reinstated within school boards. Declining Enrolment Grants also should not be ended with the 2004/2005 fiscal year because it is projected that enrolment will continue to decline in school boards across Ontario for many more years.

5. **Capital funding grants and capital financing:**

Currently, the funding formula provides New Pupil Place (NPP) grants that assist in financing new capital construction for school boards where enrolment exceeds capacity of schools. In order to generate additional NPP grant, boards must reduce existing system-wide capacity. This creates a major difficulty for boards such as TCDSB which has areas of enrolment growth and schools with enrolment well above Ministry-rated capacity, while in different area of the city, TCDSB has a number of schools that are under-enrolled in relation to capacity. The Board is forced to close schools in one area of the city in order to fund new pupil place construction in another area.

This encourages school boards to conduct School Accommodation (closure) Reviews. As noted previously, this causes great disruption for parents and students, and often can result in the elimination of highly valued and effective neighbourhood schools and the loss of enrolment. By closing schools with low enrolment, system-wide capacity is reduced, and assuming enrolment remains constant, capital grants are generated which allow boards to build new schools or additions to schools in the areas of the board where enrolment exceeds capacity and schools are over-crowded.

One solution, that may be considered for this dilemma, is to take a review area approach in the way the NPP grant is generated similar to the method used to calculate Education Development charges. For example the City of Toronto would be divided into a review areas whereby the capacity of schools relative to enrolment is calculated for each portion of the review area rather than on a system-wide basis. In this way, the area of the city in which schools are overcrowded does not have to depend on NPP funding by closing schools in an under-enrolled area.

The government has recently called on all school boards to place a moratorium on school closures until after September 2004. While TCDSB strongly supports the aim of the government to maintain local schools and treat them as learning communities rather than just bricks and mortar, this is unsustainable within the current formula for capital funding.

At present approximately 18,000 students are enrolled in leased schools and, although these schools are rated at zero capacity in the NPP grant structure and although TCDSB is therefore eligible for grants for new school buildings to replace leased school buildings, the grants cover only the costs for the school building and do not cover the cost of land. This flaw should be corrected as soon as possible. Leasing schools in the long term is a more expensive alternative to building schools. Boards that lease schools have no equity accumulation in those schools.

TCDSB therefore urges the government, in support of its aim to maintain local schools to implement a more progressive mechanism for provision of capital funds to school boards **without closing schools.**

6. **RECAPP (Renewal Capital Planning) process and allocation of funds for building:**

Beyond the need for new pupil places at the secondary level (for which the TCDSB qualifies), TCDSB has a significant number of buildings that can be designated as physically and functionally obsolete, but are still needed to serve their community.

As the present funding model is based on enrolment and not on the actual needs of facilities, there is an urgent need for boards to look for effective ways to develop and implement building renewal plans strategically over the next 25 to 50 years. This is

imperative so that appropriate funding levels can be secured to ensure the condition and operability of aging school facilities. The Board needs to plan for future budgets and to decrease our deferred maintenance backlog that has been estimated at up to \$410 million (Figure based on a technical audit only, and program related costs were not included). Our Facilities Renewal Grant to address the backlog for 2003-2004 is just \$14 million.

The Task Force said, with respect to deferred maintenance, "the cost of repairs needed in schools is substantial – approximately \$5.6 billion and growing".

TCDSB urges the government to implement the recommendation of the Task Force which called upon "the Ministry of Education allocate a new strategic investment of \$100 million annually to a "deferred maintenance amortization fund", which would fund the principle and interest costs of school boards' payments to service the debt boards would incur in borrowing funds so that they could begin to address their deferred maintenance needs".

7. **FSL language grant and formula:**

At present the funding formula French Second Language (FSL) grant structure does not fund FSL students enrolled in grades 1 to 3. The grant is available only from grade 4 onward. TCDSB has determined from its experience and from the wishes of parents that it is extremely valuable for students to begin the study of French as a second language as early as possible in life. TCDSB continues to offer the program in grades 1 to 3, however this results in an additional un-funded cost to the Board.

TCDSB urges the government to strengthen further its already strong commitment to bilingualism in Ontario, by rectifying this serious flaw in the grant structure and extending the funding for French Second Language to programs offered by boards in Grades one through three.

8. **Secondary school credit load:**

The per pupil grant formulas contain allocations which recognize that boards require more teachers when students take higher than average credit loads. The foundation grant provides funding for the number of secondary school teachers required when students take an average of 7.2 credits, which was the actual average secondary student credit load in 1997. The teacher qualifications and experience grant provides boards with additional funding where a board's average secondary school credit load exceeds 7.2 credits up to a maximum of a board-wide average of 7.5 credits.

The reality however, as demonstrated through experience over the past few years, is that students in fact take an average of 7.75 or more credits per year. The result is that the Board must hire additional secondary teachers to teach the additional course load, while only receiving funding for the number of teachers to cover the maximum 7.5 credits. In addition, facilities must be retained to accommodate the teachers and students taking extra credits, which also adds significantly to the costs of the Board.

Under the new secondary school curriculum, students are expected to graduate with a required 30 credits in four years. The 30 credit requirement is a minimum. Students may take additional credits, and boards have been reporting gradually increasing average credit loads. The report of the Task Force reported that in the 2002–03 school year, over 50 boards were reporting average credit loads of greater than 7.5.

In addition, experience has shown that due to more stringent entrance requirements in post-secondary institutions, and in part as a result of the double cohort year impact as many as 30% of grade 12 graduates are returning to obtain a 30th credit or to raise their performance in subjects already taken.

In the case of TCDSB, this means an annual shortfall in funding for secondary teachers, which, along with the shortfall in the amount received for qualifications and experience (which will be addressed later in this brief), amounts to well over \$10 million per year.

The report of the Task Force indicated that adjusting the maximum board wide average recognized by the applicable grants would acknowledge the higher costs associated with employing additional teachers when students take higher than average credit loads in line with the expectations of the new curriculum. Recommendation 31 of the Task Force was that the Ministry of Education review the credit load factor and make an appropriate adjustment to the funding formula.

TCDSB strongly supports that Task Force recommendation; requests that the government provide sufficient additional funding for secondary education to reflect the reality faced by school boards; fully fund secondary students for the credits that they actually take in a given year; and remove the 7.5 credit ‘cap’ which currently exists.

B: SMALL SCHOOLS ISSUES:

1. Small Schools: Background and Overview:

Members of the Standing Committee on Finance and Economic Affairs may or may not be aware of why ‘small schools’ is a major financial and community issue for TCDSB. The current funding formula does not fully support the proper operation of schools with lower enrolments.

Toronto is a mature city and many of the schools built over the years were built smaller to match the needs of local minority communities of Catholics. Even if their enrolment is at or near their pupil place capacity, the enrolment does not provide grant at the level needed to provide the necessary administrative staffing.

These smaller schools remain vital to the local community. They are more costly sites for TCDSB to operate, to staff and to maintain adequate programs. Other cities in the greater Toronto area and surrounding municipalities tend to have larger, newer schools

that are much less costly to maintain and which receive adequate grant for staffing and a full complement of programs. TCDSB has thereby been **penalized** because of its unique historical circumstances.

2. **Small Schools: The TCDSB Facts:**

TCDSB currently maintains:

- 43 elementary schools with less than 272 students (Ministry enrolment level at which an elementary school secretary can be hired or retained at current TCDSB salary levels). Programs requiring resource teachers cannot be operated effectively in a small school due to lack of funding when enrolment is lower
- 93 of 170 elementary schools with less than 364 average daily enrolment (ADE). (Ministry enrolment level at which an elementary school Principal can be hired or retained at current TCDSB salary levels)
- 167 of 170 elementary schools with less than 709 ADE (Ministry enrolment level at which an elementary school librarian can be hired or retained at current TCDSB salary levels)
- 23 of our 33 secondary schools with less than 909 ADE (Ministry enrolment level at which a secondary school principal and a secondary school librarian can be hired or retained at current TCDSB salary levels)

The ADE in TCDSB elementary schools estimated in order to fully fund other types of staff include:

- Teacher assistant - 5000 students ADE
- Guidance - 5000 students ADE
- Vice-principal - 1333 students ADE
- Classroom consultant - 2000 students ADE

The Average Daily Enrolment in TCDSB secondary schools estimated in order to fully fund other types of staff include:

- Teacher librarian - 909 students ADE
- Vice-principal - 666 students ADE

3. **Small Schools: The Impact:**

In order to retain and operate ‘small schools’ at TCDSB, the Board must cover a very significant operating shortfall in order to appropriately staff and pay the salaries of principals, caretakers and secretarial staff in such schools. These funds must be taken from the grants legitimately received for larger schools, which in turn compromises their ability to provide the best education and support for students enrolled in those larger schools.

Clearly TCDSB does not receive grant in virtually all of its elementary schools to hire a vice-principal. In secondary schools the usual requirement of two vice-principals (for proper operational support and principal training purposes) cannot be provided. The budget shortfall for vice-principals for TCDSB is nearly \$1.6 million.

For TCDSB's 20 smallest elementary schools alone, the actual staffing costs above grant are more than \$4.0 million. For TCDSB's 6 smallest secondary schools, the actual staffing costs above grant are approximately \$2.0 million. (These being the additional costs above grant for principals, vice-principals, secretaries and caretakers) We agree with parent groups in the province which call for sufficient funding for a principal, secretary and caretaker for all small schools.

Furthermore the existence of so many 'small schools' also impacts on the recruitment and retention of administrative staff. The way the funding formula is currently established means that GTA boards which generally have newer / larger schools with correspondingly larger enrolment, end up receiving proportionately more grant dollars for staffing and thus have the capability of offering higher salaries for administration. As a result, TCDSB is experiencing greater difficulty in its ability to retain qualified and experienced staff as they migrate to the higher paying adjoining boards.

4. **Small Schools: The Case for their retention and full funding:**

Small schools remain vital to local communities but are more expensive to operate. Toronto has a greater number of small schools since it is a mature city and many of the schools were built over the years to meet the needs of local minority communities of Catholics. As noted above, in the early years of the Board under the old capital funding model, the Ministry of Education approved construction of many small schools in the 1960s and '70s. In many cases **the Ministry would not permit larger Catholic schools to be built**, and as a result, Toronto is in many ways penalized because of these historical circumstances.

Unfortunately allocations made in order to retain small schools, come at the expense of larger schools. These 'small schools' are frequently low in enrolment because they are physically small (24% of TCDSB schools are under 30,000 square feet) and yet, in fact, these schools tend to be utilized near capacity.

The funding model recognizes the added costs of operating and staffing small local schools in rural areas where a small school may be the only school in a community. The grants to maintain these schools recognize the legitimate concerns that students would have to spend significant time and travel long distances if the schools were closed.

The funding model fails to recognize the equally relevant needs of our Catholic communities, where the local 'small school' often is the only one within a reasonable time and distance for students. It serves the unique needs of Catholic parents and students, and which is, along with the Church, the hub for many Catholic community

activities. Such areas within Toronto are in effect ‘single school communities if you are a parent who wishes your child to be educated in a Catholic school. However, TCDSB receives nothing under the small schools grant category of the funding model!

Furthermore, educational research is showing more and more evidence that small schools are in many ways more beneficial to student learning than very large schools. This finding has been referenced in the recent report by well respected education researchers Michael Fullan and Ken Leithwood in their report "Schools We Need".

Our parents have told us time and again that, they value greatly their small local community schools. TCDSB urges the government to financially support its recent call to all school boards to place a moratorium on school closures until after September 2004. TCDSB strongly supports the aim of the government to maintain local schools and treat them as learning communities rather than just bricks and mortar.

We urge the government to ensure that sufficient adjustments are made to the funding model to recognize the historical circumstances that led to the construction of urban schools which are physically small in size. It needs to recognize, that where the ongoing value to communities is determined on the basis of credible data and where a transparent decision-making process was followed, sufficient core funding is provided to retain and maintain these neighbourhood schools, staff them properly to ensure they can provide a high quality, safe learning environment. This concept is fully supported in the Report of Task Force.

In addition special grants should be provided where a need is demonstrated for boards to close some “small schools” (in order for the Board to be in a position of operating within the grant allocations provided by the Ministry and where the community so wishes). The grants should provide sufficient funding to facilitate the transportation of students, and consolidation of enrolments from those schools elsewhere in the system.

The unique character of small urban schools should be permanently recognized in the funding formula. Specifically, where small schools with a size of under 30,000 square feet with an enrolment under 364, have an occupancy rate greater than 80% of capacity, they should be fully funded for the necessary staffing components including a principal, vice-principal, school secretary, and teacher librarian, and caretaker (or staff to fulfill that function). This could be provided as a ‘top-up’ grant

While the ‘remoteness factor’ may well remain appropriate for widespread rural boards, other factors should be reflected in grant calculations with respect to small schools in an urban environment (e.g. size of school at construction date, age of school, total number of physically small schools, enrolment to capacity, proximity to other Catholic schools or coterminous schools etc). This would greatly assist boards such as TCDSB which continue to struggle with the real costs associated in maintaining such schools.

C: COLLECTIVE BARGAINING ISSUES:

1. Arbitration award:

An Arbitration award was imposed on the Board in 2003 resulting in an un-funded liability for teacher's salaries and benefits of \$9 million in the 2004/2005 fiscal year. The award provided for a 3% increase on September 1, 2002, 3% on September 1, 2003 and 2% on the last day of August 2004. It is the 2% increase on August 31, 2004 that is un-funded. The Ministry of Education provided for the September 1, 2002 and September 1, 2003 arbitration awards through foundation grant increases, but not for the 2% increase that as yet remains unfunded in the 2004/2005 fiscal year.

Since salaries and the corresponding grants are cumulative year over year, the impact of the 2% arbitration award will be felt in the 2004–2005 fiscal year to the extent of approximately \$9.0 million. To date, the Ministry has not indicated that this amount will be provided to the Board. Once again the Board would be forced to take needed funds from other grants such as local priorities or declining enrolment grants to pay the salary costs as a result of the arbitration award.

Since salary increases for other unionized employee groups tend to correspond to those provided to the larger employee groups such as teachers, the Board also has an estimated unfunded liability for these groups in fiscal 2004/2005 of \$3.0 million.

TCDSB requests that the government provide grant increases that will fully fund all of the annual increases imposed upon the Board by the arbitration award.

2. Three year contracts for teachers and funding adequacy:

As noted previously, multi year funding has become a necessity for all boards particularly in the area of contract negotiations.

The Provincial Government now requires that school boards negotiate three year agreements with their teaching staff for agreements commencing after August 31, 2004 pursuant to Section 277.11(3) of the *Education Act*. However, the government does not provide school boards with the corresponding three year grant projections it needs to properly negotiate the required contracts.

In effect boards are forced to negotiate agreements with their staff without knowing how much money will be available to pay for those additional salaries and benefits in the future. The Standing Committee should therefore consider recommending that a rolling three year forecast of the grants be made available to school boards in order to provide them with the information required to negotiate the mandatory 3 year contracts with teaching groups, and to provide a better indicator for use in collective bargaining with other employee groups.

With respect to major employee groups and multi-year needs it must be recognized that, in some areas, the foundation grant does not provide an adequate level of funding in the supply teacher category. For 2003-2004 TCDSB will spend \$1.8 million more than it is allocated via grant for supply teachers. The funding for this shortfall must come from other grant categories that suffer as a result. Therefore an amount that covers the full cost of supply teachers salaries, based on the average three-year experience of a board should also be factored into any revision to the funding model.

TCDSB encourages implementation of such an overall multi-year funding plan commencing with the announcements for education funding within the 2004 Ontario budget in order to foster peace and stability in the elementary and secondary education system

3. Need to adjust the Q&E grant to actual salaries:

TCDSB believes the qualifications & experience matrix model is constructed well in principle, but the benchmarks do not adequately address the actual needs of many school boards.

The fact is over 67% of TCDSB teachers have more than 10 years experience in teaching, which puts them at the top of the grid for qualifications and experience. The grant allocation for Q & E is based on a salary matrix reflecting a benchmark \$54,079 average for an elementary or secondary teacher's salary plus 12% in benefits.

Based on the average salary in the current Q + E grid the TCDSB salaries in **all areas** of the grid are over the benchmark average. This results in a shortfall in classroom teacher's salaries of about \$19.4 million for the 2003/2004 fiscal year. This must be corrected by revising the funding model.

The teacher qualification and experience grant is simply not adequate. The basic grid did not start out reflecting average salaries, and benefits are higher than 12% of salary costs.

TCDSB has to remain competitive in order to hire and retain the type of experienced teachers required. With the grants being less than adequate, there is a steady erosion of our ability to recruit teachers.

TCDSB has tried to live within each category in the Q + E matrix, however the government needs to develop a system to monitor actual salaries within the matrix and adjust the benchmarks accordingly on an annual basis or at least every three years in line with the expiry of collective agreements. Grants covering salaries MUST reflect the negotiated percentage increase, and this must occur even if the province moves to a provincial or regional bargaining model.

4. **Need to adjust grants to cost of living changes:**

There continues to be no regular and ongoing recognition of the increase in the cost of goods and services for school boards. In the case of school boards it would be appropriate for the government to support and the Ministry of Education to develop an 'Education Price Index', which could be updated annually in a similar way to consumer price index changes, by looking at a typical 'basket' of goods and services used by boards for their facilities and in relation to their location within the province. An advisory group composed of Ministry and school board representatives could monitor costs to update the index. Higher costs such as housing in large urban areas affect the salary demands of employee groups and factors such as this should be incorporated.

D: CHALLENGES IN TRANSPORTATION AT TCDSB:

The major flaw with the current funding formula for transportation is that the amount is based on the existing grant and a school district's ADE. Our Board questions whether the current transportation allocation is adequate or fair.

1. **Overall Transportation Costing basis and suggestions for change:**

The original grant allocation was based on a snapshot of a time when school bus operators, not school boards, routinely planned bus routes. Wide discrepancies resulted as some bus operators would be very generous with the number of busses they would put into service, which translated into more funds for some School Districts. These discrepancies result in inadequacies in the original part of the funding formula. The ADE, in effect, has no real bearing on transportation as geography and board policy impact transportation more than the school districts' rising or declining enrolments.

A better approach to funding student transportation would be to consider the uniqueness of each School District while applying a standard policy template to all boards. By introducing technology into the transportation arena each Board would have the ability to track and manage their own data. By applying a standard policy template, all School Districts would be measured by the same criteria and the allocations would vary only to reflect local geographical conditions that impact on the policy.

Those Boards that are now transporting students over large geographical areas would be compensated while urban centers would benefit by identifying hazards that would justify the need for transportation. The premise is that the routing technology would generate the number of vehicles necessary based on this standard template that generates the needs assessment. This approach would deal with regular home to school bussing.

The existing grants are based on 1997 costs for bussing and urgently needs to be updated by the Ministry to take into account cost-of-living increases, including major fuel increases, which bus companies have had to factor into their contract costs. As a result of

the current formula and the deficiencies mentioned, TCDSB received transportation grants for 2003-2004, which is approximately \$1.76 million less than required. An updated grant model for school board transportation needs which reflects current costs must be finalized and implemented by the Ministry as soon as possible.

2. **Special Needs Transportation factors and suggestions for change:**

The transportation allocation for special needs students must be addressed differently due to the complexity of this system. The coterminous Toronto Boards have the largest population of special needs students in Canada and, therefore, the highest demand for special needs transportation. Resources for educating our special needs students require specific and unique transportation requirements not recognized in the funding formula.

By applying a formula that deals with actual numbers of students, boards can ascertain the real funding levels required for special needs students. Also, Transportation often experiences a funding shortfall when new special needs programs begin as funding is always set aside for the administration of the program but not for transportation. This type of funding shortfall requires the transportation department to provide the service with no additional funding. This shortfall must be factored in to grant provisions by the Ministry.

3. **Transportation 'Hazard' factors and suggestions for change**

A major transportation factor impacting costs is the type of hazards urban centers face. It seems to be a rule of thumb that most rural areas are given a blanket designation as hazardous and therefore receive expanded service. However, parents increasingly have expectations that transportation will be provided due to increasing safety concerns in the urban environment. Crossing of major intersections and unforeseen urban hazards are major concerns for parents and this leads to greater transportation demands.

There is a need for an urban standard hazards designation. It is essential that the model be based on need and that it recognizes the need is not just based on distance, but on other factors such as hazards. Also development of a standard 'hazard policy' that can be applied throughout the province would help address the hazard issues that urban Boards face. It is essential that the model be based on need and that it recognizes that need is not just based on distance, but on other factors such as hazards

4. **Coterminous Transportation Planning Consortium difficulties:**

There is no doubt that expanding coterminous planning of transportation will benefit all involved. Coterminous planning not only reduces transportation costs, but it improves the service level as there are more options for students despite a decrease in the number of vehicles servicing the Boards.

However, the general feeling amongst many boards across the province regarding coterminous sharing of transportation is that Boards face difficulties in moving forward

due to differing policies of the coterminous boards. A regular concern is that one Board has to give up some control over the transportation operation in order for the coterminous relationship to work.

5. **Penalty for proactive cost savings processes:**

The TCDSB is in effect being financially disadvantaged at present for being proactive with its coterminous initiatives and policy changes. Since funding was frozen in recent years, TCDSB has been given grants based on a reduced fleet. District School Boards that did not make transportation cuts and efficiency changes prior to 1998 continue to receive more funding than boards that initiated efficiencies prior to 1998. The existing funding formula has penalized those Boards (including the TCDSB) which have proactively made changes to make their transportation operations more efficient and, in all fairness, this should be rectified.

6. **Interconnectivity of grants:**

Funding changes in one funding envelope are not reflected in other envelopes that have an interactive relationship which can negatively affect transportation budgets. For example if changes are made to special education programs through changes to the grants received, and these changes require a modification of transportation provisions, the transportation grant does not change under the funding provisions. In the case of TCDSB, bussing for Congregated Gifted programs is not funded.

TCDSB urges the government, to ensure that where grants are provided for modification of programs which in turn require transportation changes, the costs of the additional transportation be added to existing transportation grants.

7. **Recognition of One-time costs related to school building program:**

As mentioned previously, the board has gone through several school consolidation processes and the building of new schools when schools are demolished. As a result, students must be transported to another school while the new school is built. In such cases no grant for these one-time transportation costs related to building program is provided. The result is an annual \$1.7 million shortfall in transportation funding for 2003-2004. Such one time costs related directly to the bussing of students when building a new school on an existing site should be provided in the education finance model.

8. **Bus Driver shortage:**

The TCDSB is currently experiencing a school bus driver shortage that directly impacts the service this Board can provide to our communities. The shortage results almost universally from the low wages that are paid to bus drivers and the part-time nature of their work. Appropriate funding levels for transportation which should be addressed in new transportation funding formulas which reflect current costs will help to alleviate the bus driver shortage situation.

Notwithstanding the funding issues noted above, the main concern of TCDSB is safety of its students. TCDSB provides school bus transportation, even though we have a good public transit system in Toronto, because Catholic Schools are more widely dispersed, and as a result there is an accessibility need that must be properly served.

E: CAP JK TO GR. 3 AT 20 STUDENTS:

TCDSB, along with other boards, is aware that the new government expressed in its election platform the desire to cap the class size level in grades JK through 3 at 20 students. While TCDSB understands the objectives related to such a class size cap, there would be significant impacts for boards in order to implement such a change.

Currently class size caps are based on contractual obligations on a per school basis and an average across the board for Ministry reporting purposes. This gives the board some flexibility in the administration of the class size average since the contractual cap is higher than the average. However it is the Board's understanding that the cap mentioned above, would be an 'absolute' cap administered on a class by class basis, not on a board wide basis.

Implementation of such a cap would be very difficult for individual schools to manage, and in the case of TCDSB, it has now been estimated that as many as 200 additional teachers would have to be hired, and at least 170 classrooms would have to be provided to meet the cap requirements. Since the school capacity for these classrooms does not currently exist where the students are located, new classrooms would have to be provided.

The estimated additional cost to TCDSB for additional salary costs alone would be over \$14 million annually.

TCDSB suggests that the proposed cap on class size for grades JK through 3 at 20 students be carefully examined in view of anticipated additional costs and, if implemented, boards be provided with the additional added funds required in affected areas of the budget.

F: CONCLUDING COMMENTS:

We have mentioned previously the need for a three year rolling grant allocation forecast. In this regard TCDSB has done a three year grant projection based on 2003 - 2004 grant levels and anticipated enrolment changes. On the assumption that grants remain at current levels TCDSB has determined, that, just to meet its current ongoing activity level, it would need an additional \$19 million in the 2004/2005 fiscal year; \$29 million annually in the 2005/2006 fiscal year and \$29 million for the 2006/2007 fiscal year to avoid a corresponding annual operating deficit. Of the approximately \$17 million in Local Priorities Grant received annually, TCDSB has no choice but to allocate approximately \$10 million of the Local Priorities Grant to fund annual expenditures in respect of staffing small schools (\$6.0 million) and maintenance of schools generally (\$4.0 million).

At a minimum, TCDSB asks that the anticipated deficit amounts be factored in to any grant adjustments made for 2004-2005 budget year and beyond.

The TCDSB thanks the Legislature's Standing Committee on Finance and Economic Affairs for the opportunity of commenting on the above-noted aspects of the current funding model and the financing of elementary and secondary education in Ontario, specifically as it impacts the TCDSB. Our Board hopes that its issues and suggestions will become part of any modifications to the funding of education in the upcoming 2004 Ontario Budget.

Our Chair of the Board, Director of Education, and the Deputy Director of Business Services would of course be pleased to elaborate further on any of the issues mentioned, or to meet with any member of the Committee to discuss these matters.