

## Background

Education funding has been under total provincial control since 1997 and the funding process has clearly broken down. First, under the Conservative government and now under a Liberal government, the public has been subjected to almost annual confrontations between the province and boards, parents and employee groups. On one side critics say that the funding is clearly inadequate and on the other side governments of both stripes claim that it is fine. A new, in-depth study by Hugh Mackenzie written for the Canadian Centre for Policy Alternatives (CCPA) confirms what OSSTF, the parents' group People for Education and the boards have been saying. There is not enough money in the funding formula. Mackenzie demonstrates that it is short by a minimum of \$600 million.



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### The 2006 shell game

The principle driver of this year's funding crunch is a new provincial initiative that requires additional spending by boards that is greater than the overall increase in



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operational funding. Although provincial initiatives such as elementary class size reduction, the addition of student success secondary teachers and the 2.5 percent increase in the provincial salary framework are matched by \$528 million in funding, the total operating funding has increased only by \$490 million. This leaves boards scrambling to find the other \$38 million in other budget areas.

The reallocation of funding among boards has not been revenue neutral for individual boards. The realignment of teacher salary benchmarks to reflect what boards actually spend (but does not include benefits) did not

result in any additional funding, because the allocation was offset by cuts to local priorities funding and funding for students through the Learning Opportunities Grant.

While the money given for salary increases was revenue neutral across boards, the offsetting cuts to Local Priorities and Learning Opportunities Grant funding constituted a funding problem for boards. Benchmarks, other than the teacher salary benchmark, have either been frozen or adjusted at less than the rate of inflation. This once

again, pushed the problem of inflation at the boards and then blames them for mismanagement.

The declining enrollment grant of \$125 million from the 2005-2006 budget has been cut to \$65 million for 2006-2007 causing an even greater challenge in declining boards.

The Ministry of Education's own website acknowledges that 12 of 72 boards had deficits in 2004-2005, and there was no acknowledgment of the required additional funding to alleviate these deficits. This



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is still happening because the fundamental flaws of the formula that have existed since its inception in 1998, have never been addressed.

School operations and maintenance budgets are underfunded relative to the 1997 inflation-adjusted costs by more than \$350 million across Ontario in an era where three or four boards are experiencing phenomenal growth and the rest face aging, crumbling infrastructure.

### The impact on at-risk students

The Learning Opportunities Grant is already \$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 educational needs of students whose first language is not English. Fiscal considerations have overtaken actual case incidence as the predominant factor in special education funding.

The reduction of Local Priorities funding flies in the face of virtually every study of education funding in Ontario which have recommended a local fund of 10 percent of operating costs, either from local property taxes or from provincial supplements.

The refusal of four boards to balance their budgets in 2006-2007 and the depletion of reserves and significant cuts this year are only a harbinger of the perpetual stress and potential chaos we will see in the future if the problems are not addressed.



### OSSTF urges the following:

- 1) the immediate **restoration** of \$511 million into the funding formula, primarily in the Local Priorities and Learning Opportunities Grant areas to allow current issues to be addressed; the ongoing adjustment of benchmarks to reflect true costs;
- 2) a full **review** of the funding formula;
- 3) a **rebuilding** of the formula based on the review.

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# EDUCATION WATCH

## Funding Formula: The need to Restore, Review, Rebuild

Oct./Nov. 2006  
Issue #11