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**Memorandum To:**

Directors of Education
Board Chairs
Education Partners and Stakeholders

From:

Gabriel F. Sékaly
Assistant Deputy Minister

Date:

October 25, 2013

Subject:**School Board Efficiencies and Modernization Consultations**

On September 20, 2013, Minister Sandals wrote to you on the steps that we are taking in developing the school board efficiencies and modernization strategy. I am writing today to advise you that we are now ready to begin formal consultations on the strategy with stakeholder groups. These consultation sessions will begin the week of November 18th in Toronto. Members of my staff will be contacting the various association offices with details on timing, location, and attendance at these sessions.

To help the process along, we have prepared a consultation document for stakeholders. This guide is attached. As you can see, the list of topics and questions covered in the document is by no means exhaustive, but we hope that this short guide will contribute to focusing the discussions. We encourage you to comment on the topics in the guide. We would also welcome any other ideas and suggestions that you might have. Feel free to provide your comments directly to Joshua Paul, Director of the Education Finance Branch, at joshua.paul@ontario.ca, or to us through your respective association.

While we are always interested in discussing school board efficiencies and funding issues, we are hoping to conclude this year's consultation process by the end of November, 2013.

Original signed by

Gabriel F. Sékaly
Assistant Deputy Minister

c: The Honourable Liz Sandals
Minister of Education

George Zegarac
Deputy Minister

Enclosure:

School Board Efficiencies and Modernization Consultations

**SCHOOL BOARD
EFFICIENCIES AND
MODERNIZATION
CONSULTATIONS**

Over the past ten years, Ontario has become a global leader in education and a highly successful model for other jurisdictions. These accomplishments reflect the hard work, dedication, and collaboration of those in our education community. We have been successful together and intend to continue to work as partners through a collaborative process as we develop a School Board Efficiencies and Modernization Strategy.

Continuous improvement is a necessary practice for any organization, including government. Our government is looking for new ways to deliver key priorities within current fiscal realities. This means we need to evaluate underlying funding assumptions to find new and creative approaches to modernize and transform the way we deliver education and the way funds are used at the ministry, board, school, and class level.

This booklet is intended to guide consultations with you, our partners in the publicly funded education system, who are critical to achieving this goal. And, while this booklet sets out topics to help guide the discussion, I would expressly stress that the reason for bringing us together is to hear your ideas on how we can continue to improve the delivery of education in Ontario. I look forward to starting this important conversation.




School board modernization presents an important opportunity to transform the way funding is allocated and used at the board and school level, so that activities on the ground are more closely aligned with our goals for student achievement.

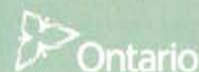
This exercise is especially welcome because the arrangements underlying board resourcing have not changed significantly in recent years, and there is a new level of openness for fresh ideas from across the system.

There is also an opportunity to refine our accountability arrangements, so that we can focus on school boards that need the most support in meeting the expectations of their students, families, and communities. This will help us identify the best performers and share their approaches, with the aim of raising the performance of all.

We look forward to hearing your valuable insights as we shape a more modern education system in Ontario.



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INTRODUCTION

Crafting the strategy that has made Ontario's public education system a leading international model took visionary thinking. Through the Great to Excellent initiative, we are discussing how to build on this vision to provide improved support for student achievement.

At the same time, our school systems must be able to support the success of students today and tomorrow. Like many other jurisdictions, Ontario continues to deal with the challenges of the global economic downturn and slower-than-expected recovery. Living within our means, while accelerating the achievements of students, will require creative thinking across the public education system. We believe that a collaboratively developed School Board Efficiencies and Modernization Strategy is the best way forward.

One critical task is modernizing school board funding to have more efficient operations on the ground. Our partners in the public education system are crucial to reaching this goal. Through this consultation, we are asking you for your insights into both small adjustments and broader changes that could create a more efficient system. We believe focusing consultation on the following areas will generate a variety of legitimate and lasting solutions, which will be used to inform future decision-making:

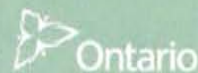
- Underutilized and small schools;
- Declining enrolment supports;
- Improving accountability;
- Sharing efficiency savings;
- E-books and e-learning;
- New technologies;
- Getting the balance right;
- Moving ahead together.

Forward-thinking organizations strive constantly for greater operational efficiency. This is especially important in today's highly uncertain economic environment. That is why the central goal of these consultations is hearing about barriers as well as considering fresh new ideas to create an education system that operates efficiently and in alignment with a renewed student achievement strategy.

A critical strand of this discussion is how centrally driven this change should be, in both the short and longer terms. This is something on which we are also seeking your input. We need open and frank discussion around the systems' requirements, expectations, and challenges.



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The timing is right for change; the underlying assumptions on how the sector is resourced have not changed significantly in several years and our government is looking for new approaches to continue to deliver key priorities within current fiscal realities. In addition, the national demographic data used in several grants may now be less reliable owing to recent changes in the collection process. As a result, new data sources may need to be explored. We will look at the best ideas and practices in Ontario, other Canadian jurisdictions, and education systems around the globe. At all times, we must keep in mind and respect our constitutional framework and resulting rights, as well as Ontario's great diversity.

While this booklet has been produced to provide a focus for discussions, describe specific areas for possible action based on Ministry analysis, as well as set out a number of questions, the main purpose of the sessions is to hear your ideas. To that end, discussions with key stakeholders will take place through a series of consultation sessions throughout November. Sessions will involve:

- School board representatives, including directors of education, senior school board officials, and trustee associations;
- Principals and vice-principals;
- Teachers' federations;
- CUPE and other support staff unions;
- The Minister's Advisory Council on Special Education;
- Parent groups (People for Education, Ontario Federation of Home and School Associations, Ontario Association of Parents in Catholic Education, Parents partenaires en éducation); and
- Student groups (Ontario Student Trustees Association, Regroupement des élèves conseiller.ère.s francophones de l'Ontario, Fédération de la jeunesse franco-ontarienne).

Our goals are ambitious, and we recognize that achieving them will require discipline, hard work, and rigorous thinking across the system. We look forward to a useful, in-depth discussion focused on improving how school boards operate to ensure that our world-class education system focuses the maximum resources possible on student achievement.



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UNDERUTILIZED AND SMALL SCHOOLS

The current funding formula provides supports to keep underutilized and small schools operating. Support is available to schools with underutilized space (that is, operating at less than full capacity), and to very small schools (those with no more than 100 students). Roughly 70% of all Ontario schools receive some financial support for underutilized space. As well, almost 500 very small schools receive enhanced financial support. Under the current funding framework, the Ministry may be subsidizing space used for non-educational purposes or non-core educational purposes.

The main components of support are the School Foundation Grant, which was created in 2006 and guarantees support for principals and secretaries in each school, and top-up funding through the School Facility Operations and Renewal Grant, which provides funding to help heat, light, clean, repair, and renovate schools under 100% capacity. Top-up funding is further enhanced for more than 1,000 schools that are defined as either rural or supported to help them stay open where necessary.

The involvement of the local community is an important aspect in board decisions about underutilized schools. A school board usually undertakes a pupil accommodation review process led by an Accommodation Review Committee (ARC) when contemplating closing a school. Community consultation through representation on the ARC and public meetings is a central element of this process, which can be lengthy and contentious. In addition, boards have pointed out that the school and/or the local community often find other uses for space defined as underutilized.

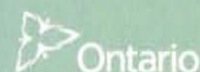
More targeted support at the Ministry level toward underutilized space and small schools could support a more efficient school system and free up resources for improved student achievement. However, funding underutilized and small schools is a complex, multi-dimensional issue and communities use space and resources in different ways to meet different needs.

Key Facts:

- Ontario has 3,750 elementary and 885 secondary/combined schools.
- Almost 600 schools in Ontario are less than half full.
- In the GTA alone, there are about 140 half-empty schools and almost 70 very small schools.
- 13% (almost \$300M) of total school operations and school renewal funding is dedicated to funding empty spaces.
- Almost \$80M is allocated to enhanced top-up funding for school operations and school renewal for those schools.



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Discussion Questions

1. How can the School Foundation Grant and top-up funding be restructured so as to avoid unintentionally promoting the continued operation of non-viable schools?
2. Under what conditions should the Ministry provide financial support for an underutilized school?
3. How can the accommodation review process be improved?
4. What are the alternatives to providing base funding for principals and secretaries on a per-school basis for all schools?
5. What are the barriers to change?
6. What can be done to allow the system to get more value from existing space?



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DECLINING ENROLMENT SUPPORTS

The number of school-aged children has been decreasing in recent years, and enrolment is currently declining in 53 of 72 boards. About two-thirds of education funding is based on enrolment. Board costs tend to decline with enrolment, since lower enrolment reduces the need for teachers and services. Not all costs go down at the same rate as enrolment, however, and in some cases costs will never fall as much as revenue does.

The funding system recognizes this challenge with grants and allocations that, as enrolment declines, are intended to help boards adjust their cost structures over time.

Of those supports, the Declining Enrolment Adjustment (DEA) is a true transitional grant, since its level of support reduces over time. Other supports for declining enrolment boards are available, but they are not transitional. These include the top-up funding for school operations and renewal and the School Foundation Grant, both discussed in the previous section. They also include higher student /teacher ratios in “supported” schools, and provisions in the Transportation Grant and the High Need Amount Allocation of the Special Education Grant that protect these funding lines from the full impact of enrolment decline.

Key Facts:

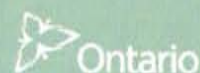
- Average Daily Enrolment (ADE) is expected to decline to 1.85 million in 2013-14, the lowest level since 1992.
- Provincial ADE is projected to increase beginning in 2014-15, but enrolment in most rural and northern boards will continue to decline.
- There are wide regional gaps in enrolment trends. Since 2002-03, Halton DSB’s enrolment is up by more than 22%, while Superior-Greenstone’s has fallen by 45%.

Discussion Questions

1. After over 10 years of helping boards address declining enrolment, how can these supports be reduced or redistributed among boards?
2. Which supports should be restructured from ongoing to transitional support?
3. How might e-learning and/or broadband capacity be expanded to reduce the costs of supported schools and improve programming?



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IMPROVED ACCOUNTABILITY

As the major source of funding for school boards, the government wants to make sure that the resources it provides are used to support key goals. To that end, funding is often tied to specific policy aims, such as student achievement or safe schools. The Ministry's preference for stronger accountability around policy-aligned grants is key to achieving important province-wide goals. On the other hand, school boards tend to prefer greater flexibility in the use of funding and less reporting for programs funded through Education Programs – Other (EPO).

This underpins the relationship between accountability and flexibility. Many accountability frameworks now use measures of performance to help resolve this challenge. For example, the level of focus on school boards can be adjusted based on board performance, with increased accountability for weakly performing boards and less onerous reporting for strong performers.

An early application of such an approach might be in student achievement. Boards that are high performers in this area would have reporting requirements reduced. This approach would not, however, relieve boards of requirements to use certain components for specific purposes. For example, each board would still be required to hire a co-ordinator under the Student Success Allocation of the Learning Opportunities Grant (LOG). As modernization efforts develop, decisions about how flexibly a board could use its funding might be linked to looking at a wider range of performance measures.

Key Facts:

- Almost \$200M in EPO funding (excluding FDK) has been publicly announced to boards in 2013-14 for about 40 programs.
- About \$172,000 is provided to each board for one dedicated position as co-ordinator for Student Success, Grades 7-12.
- Boards may use the LOG's Demographic Allocation (\$346.4M) as they wish.

Discussion Questions

1. How can EPO program reporting be consolidated to reduce reporting volume without losing reporting effectiveness?
2. How can accountability for targeted GSN funds be improved without increasing the administrative burden on boards?
3. What are ways of linking school boards' results (academic, financial, and/or other) more closely to reporting requirements?
4. How can demographic-based grants be redesigned if recent demographic data shows markedly different trends?



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SHARING EFFICIENCY SAVINGS

Over the years, the Province has tried to address operating pressures with increased funding, for example for utilities or transportation. At the same time, it has also pulled back some funding where it appeared that board spending was running well below provincial funding levels.

This is one of the challenges in finding efficiencies in the education sector. Efficiencies are seen as a source of funding flexibility by those delivering programs and services (school boards), but they look like savings opportunities for the funding body (the Province). As a result, school boards may be reluctant to pursue efficiencies as vigorously as they might otherwise, because it is felt that efficiency gains will ultimately result in reduced provincial funding.

The development of a shared savings protocol might be a way of providing boards with an incentive to find additional efficiencies.

Under such a protocol, efficiency savings could be shared between the Province and the school board, with each board's share being redirected into an enveloped fund. The use of this fund could be determined in consultation at the Partnership Table or some other governance mechanism.

Key Facts:

- In 2009, the Report of the Declining Enrolment Working Group recommended that “a Transition Adjustment Fund be established to make savings from school closures/consolidations available for school facility improvements that would support education programs for the students affected by the consolidation.” (Rec.#19)

Discussion Questions

1. What are the impediments, if any, to a shared savings protocol incenting boards to find additional efficiencies?
2. What are some approaches by which boards could share savings from school closures, consolidations, or shared facilities?



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E-BOOKS AND E-LEARNING

Teachers use different types of learning resources (print, electronic, or a combination of the two), to support the learning and teaching of the Ontario curriculum.

The Ministry is talking to stakeholders about the use of such electronic learning resources as e-books, including licensing for board or school-level use, copyright law, international discussion of Open Educational Resources (OER), and the currency, accuracy, and reliability of resources.

Unlike other forms of distance education, such as correspondence or computer-based instruction, e-learning courses offered through the provincial virtual learning environment (vLE) are teacher-taught, with student interaction being much the same as regular face-to-face classroom-based courses.

Funding for a student enrolled in an e-learning credit course is the same as that for a face-to-face course. However, the scheduling flexibility of e-learning allows boards to meet the academic needs and interests of some students in small or remote schools, and achieve class sizes that support a wider range of course offerings.

More robust data on student achievement in e-learning courses need to be collected and analyzed to inform potential expansion in this area.

Key Facts:

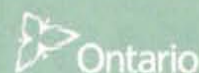
- The GSN allocates over \$560M a year in funding for textbooks and learning materials.
- Licensing considerations for e-books include number of users, period of use, and portion of text.
- All approved learning resources must meet standards of alignment with the Ontario curriculum and Canadian content.
- Roughly 125 secondary English-language and 79 French-language e-learning credit courses are available.
- More than 110,000 English-language and 12,500 French-language students used the vLE in the 2012-13 school year.

Discussion Questions

1. What would be the implications for students, teachers, schools and boards if all students were required to complete one course, or a specific course, by e-learning to complete their secondary school graduation requirements?
2. How could the increased use of e-learning and e-books support Ministry goals of increased student achievement and closing the gaps?
3. What are the barriers to change?
4. What opportunities are there to improve efficiencies through e-learning?



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NEW TECHNOLOGIES

School boards are responsible for local decisions about designing and equipping schools to meet the needs of their students and staff. This includes communications technology such as broadband, as well as computers and other hardware.

Some boards are looking at new developments like cloud-based learning environments and bring-your-own-device (BYOD) policies, both to find efficiencies and to help students and teachers adapt to ongoing changes in teaching and learning. This evolution, however, depends on high-speed internet access.

For purchasing and servicing, such entities as the Ontario Educational Collaborative Marketplace and the Ontario Software Acquisition Program Advisory Committee negotiate strategically sourced agreements and value-added services that are available to Ontario's Broader Public Sector, including the education community.

Key Facts:

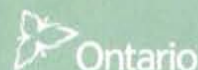
- The bulk of GSN funding to school boards for computers/classroom technology is flowed through the Pupil Foundation Grant (PFG), which provides for core classroom needs common to all students.
- In 2012-13, the PFG provided \$150.1M for classroom computer technology –\$34.52 per elementary student and \$45.03 per secondary student.
- In 2012-13, the \$25M reduction in the Classroom Computers component of the PFG was made permanent.

Discussion Questions

1. How can the use of new technologies make board administration and program delivery more efficient?
2. How can the sector address barriers to wider use of new technologies?
3. What are the financial and other implications of boards adopting BYOD, cloud-based learning environments, and similar policies and practices?
4. How can joint procurement of technology-related goods and services be better leveraged to reduce costs for school boards?



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GETTING THE BALANCE RIGHT

The main purpose of the consultation process is a long-term rethinking of funding that will better align school board business practices with Ontario's student achievement strategy. Given the current fiscal context, we envision that this will require specific short-term savings goals while we develop a long-term strategy.

An important consideration in both the short and long term is the decision-making balance between local boards and the Ministry of Education. Closely related is the question of how focused the savings strategy should be on specific targets.

Unquestionably, each board in Ontario is unique in both the challenges it faces and the opportunities it sees. Boards are best positioned to find internal savings, especially in the short term. In the longer term, as well, some boards or groups of boards may collaborate strategically to drive specific savings targets for them.

The Ministry's involvement is essential; its perspective ensures provincial alignment of goals for student achievement and well-being. The Ministry is also well positioned to assess what approaches work in specific situations and to share best practices from across the system, supporting a more consistent and strategic approach in the longer term.

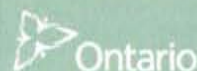
No matter the balance ultimately struck between the Ministry and school boards, accountability for results will be crucial, whether a board follows central guidelines and practices, or develops its own savings strategy.

Discussion Questions:

1. Which are the best areas where boards and the Province can work together to find efficiencies on the ground to achieve modernization?
2. In which areas might school boards be best positioned to find efficiencies in their specific circumstances, given provincial goals?
3. If left up to school boards, what are the best ways of ensuring actions support modernization and align with student achievement goals?



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MOVING AHEAD TOGETHER

Directing as many resources as possible into student achievement is essential if Ontario is to meet the challenges of the Great to Excellent initiative, which aims to take our school system to even greater heights. To do this, we need to have an open and constructive discussion about how our school system can run its business activities as effectively as possible. The School Board Efficiencies and Modernization Strategy is the primary driver of this transformation.

This booklet outlines some of the approaches the Ministry of Education believes would help move this strategy forward. To realize our goals, we need ideas and help from our partners in the education sector. By bringing together your perspectives, and hearing about both challenges and opportunities, we can find the way forward.

After the consultations are completed, we will release a report summarizing the highlights and outlining the next steps. We will continue working with the dedicated people in the education system to create a new approach to the business activities of schools that is as visionary and forward-looking as our curriculum.



