
To: The Chair and Members of the Halton District School Board
From: R. Negoi, Superintendent of Business Services and Treasurer
C. Ennis, Director of Education
Re: **2023-2024 Budget Update: Release of the Grants for Student Needs**

Background

This report provides an update on the 2023-2024 Budget Development process and details regarding the recently announced Grants for Student Needs (GSN), as well as preliminary implications for the Halton District School Board (HDSB).

Rationale

The Ontario government tabled the 2023 provincial budget on March 23, 2023, which projects a \$1.3 billion deficit in fiscal year 2023-2024 and positive budget balances thereafter. The province's fiscal year runs April 1st to March 31st, while the school boards fiscal year runs September 1st to August 31st. In a press conference, Minister of Finance Peter Bethlenfalvy stated this budget portrays a "stay the course" fiscal plan and stressed the need for some restraints after the big spending, high-deficit budgets from the COVID-19 pandemic. The provincial budget also reflects a more accelerated plan to balance the provincial budget than originally forecasted.

Education Funding: A Provincial Perspective

The 2023-2024 GSN is projected at \$27.1 billion, plus \$516.2 million in Priorities and Partnerships Funds (PPF), for a total investment in education of \$27.6 billion. This represents a 2.7% increase over the previous year, when excluding the timed investments for the COVID-19 Learning Recovery funding provided to school boards for the last two years. When including this investment, the year over year investment increase is 1.4%. The GSN announcement also contains additional accountability measures and reporting, as well as provisions for additional enrolment and staffing allocation audits to be performed by the Board's external auditors.

The growth in the GSN is a combination of additional funding, compensation benchmark increases, partially accounting for inflation, and enrolment growth. The grants include the following increases in the various allocations:

- Compensation increases of \$1 per hour for education workers and 1.25% for teachers, for 2022-2023 retroactive and 2023-2024. No compensation increases projected for principals/vice-principals, senior staff or trustee benchmarks. These increases are subject to change, based on the outcome of the central negotiations.

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- Funding for remote learning administration of \$10.1 million provincially (or \$479.27 per student), however results in a decrease in the total per pupil funding for students registered in remote learning and no additional funding to recognize the inefficient staffing levels that result in running two learning models.
- Safe and clean schools supplement of \$19.9 million, to support additional professionals/paraprofessionals, educational assistants and custodian/maintenance staff.
- Confirmation of summer learning and mental health programs for both summer of 2023 and 2024.
- There were a number of Priorities and Partnership Funds transferred to the GSN, including Specialist High Skills Major (SHSM) expansion, Early Math Intervention for students with special needs, and an allocation for demographic data gathering.
- The memos also confirmed the continuation of the Supports for Student Funds (SSF) which are tied to collective agreements that are currently in provincial negotiations.
- There are also changes to the Indigenous Education funding allocation, which will result in lower funding based on course enrolment and higher funding for the Board Action Plan, with a requirement for provincial consultation on priorities.
- A new transportation allocation, with an overall increase in funding of about \$111 million, however \$89 million is provided as transition funding to account for funding loss for some school boards and it also includes a provision for driver retention bonuses, which historically have been paid to the bus operators directly. While no actual value was released for the driver retention program, with over 18,000 drivers and at \$2,000 per driver, it is expected to be around \$36 million.
- As part of “keeping up with costs”, the GSN contains a 2% increase in the non-salary component of the School Operations Allocation, however no increases to address inflation pressures have been added to any other resources, technology or learning materials allocations.
- The School Operations Allocation does contain \$29.5 million to support ventilation in schools, in recognition of the higher cost of upgraded filter replacement.
- Similar commitments have been made for capital investments, both in terms of the School Renewal Allocation which remains at \$375 million and the School Condition Improvement which is \$1.1 billion. The temporary accommodations allocation however, continues to remain at only \$40 million provincially and has not kept up with costs in many years.

The Priorities and Partnership funds include a focus on literacy, numeracy and destreaming supports, with a combined investment of over \$280 million. These will replace the prior year

investment in COVID-19 Learning Recovery of \$304 million, as well as the Tutoring Supports of \$175 million, both of which are not continuing in 2023/2024.

There are a number of areas where the GSN falls short, including funding for remote learning, keeping up with inflation, increase in special education supports and supply staff costs, mandatory statutory increases to CPP/EI (phased in over the last 4 years), and overall realigning a few allocations which result in a decrease of overall funding, once we extrapolate growth and other provisions for transition funding.

Education Funding: A Board Perspective

Staff are currently reviewing the board level funding and inputting all the information into the Ministry's Education Finance Information System (EFIS). This will contain updated enrolments and programming information, and thus will generate updated grants for HDSB. These updates will be provided in the May 10th budget presentation at the Committee of the Whole (COTW). Therefore, the observations in this report are preliminary and based on the information released by the Ministry in their projections and memos.

Overall, the HDSB is expecting enrolment growth which will result in an increase of grants over the prior year, given enrolment is the main driver of funding. Increased enrolment however, also results in increased costs, whether it is in staffing, learning materials, additional portables, etc. When we compare the level of funding and staffing provided to the HDSB in 2022-2023 to 2023-2024, there is going to be a decrease in both funding and staffing levels across our system. In the current year, HDSB received close to \$13 million in COVID-19 Learning Recovery Fund and Tutoring Supports. By contrast, the increase in the GSN allocations and PPF grants announced for safe and clean schools, literacy, numeracy and destreaming results in approximately \$1 million increase in the GSN and \$5.5 million increase in PPFs, for a net decrease over the current year of \$6.5 million. This will impact the staffing levels in all student facing employee groups.

The transportation allocation, given that it now contains a provision for driver retention bonuses, seems at first glance to have been reduced for the HDSB. Given our Halton Student Transportation Services (HSTS) consortium is already operating efficiently and conducts route optimization simulations annually, the only two areas with opportunity to reduce costs are optional programming and eligibility walking distances. Over the past couple of years, the costs of student transportation have exceeded the transportation allocation by close to \$3 million. A further reduction in funding is highly concerning.

There are significant concerns with the funding, or rather lack of funding for remote learning. The thought is that these students do not require a physical space and thus a reduced per pupil

amount has been introduced in the grants. The reality is that a handful of students, belonging to one school, registering for remote learning will not lead to reduced cleaning, heating or grounds keeping costs for their home school. In addition, a handful of students spread over a number of grades will also not result in collapsing a classroom in the home school, to allocate that teacher to remote learning. During 2022-2023, the number of students enrolment in remote learning is around 300 per panel, resulting in significant inefficiencies in staffing, with over 18 teachers allocated above the class ratio provided in the funding formula. That is a \$1.8 million cost, which was covered by the COVID-19 Learning Recovery fund. This however is not being extended in 2023-2024, resulting in a direct hit to the bottom line for HDSB.

Other operating cost pressures include 7-10% increases in contractual services, licensing, cleaning and other sourced resources. The GSN, as mentioned above, does not contemplate a corresponding increase in the non-salary benchmarks, leaving school boards to cover for higher operating costs within existing budgets.

Additional challenges worth mentioning include the high supply staff cost trends we have experienced this year, with no corresponding increase in funding; CPP/EI increase once again, while the GSN does not account for these mandated cost pressures; temporary accommodations remaining at the same level over the number of years, will continue to be exceeded to meet the growing needs of our school board; and special education needs have continued to increase, while funding has not been revised in about a decade.

Multi-Year Plan Alignment

This requirement aligns to the Foundational element of Accountability, and indirectly supports all five strategic priorities of the Multi Year Plan, by facilitating an uninterrupted school and fiscal year for students and staff.

Financial Impact

The operating and capital budgets of the HDSB are directly impacted by the funding changes, new funding announcements and funding being discontinued. While there is an overall increase in grants, once the changes are unpacked, the concern is that there will be less funding to address the growing needs of our system.

Respectfully submitted,

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