

BRIEFING NOTE – FOR INFORMATION

TO: Ontario School Boards Coordinating Committee

Re: 2017 Ontario Auditor General's Report (sections on School Boards)

BACKGROUND

The 2017 report of the Auditor General (AG) of Ontario was released on December 6, 2017. The report included two sections directly related to the Ministry of Education and school boards (Chapter 3, section 3.08 "Ministry Funding and Oversight of School Boards", and Chapter 3, section 3.12 "School Boards' Management of Financial and Human Resources"). Although press coverage of the school board sector sections focused on increased use of sick leave, there are many points made by the Auditor General that can be used to support the campaigns and goals of the Ontario School Board Coordinating Committee (OSBCC). A full list of recommendations made in these two chapters is included as Appendix 1.

Ministry Funding and Oversight of School Boards

The First recommendation in this section of the report calls for a comprehensive review of the funding formula, supporting a long-standing demand of the OSBCC and CUPE Ontario. There is recognition that the Ministry does engage in a consultation on the Grants for Student Needs (GSN) each year, but states that this is no substitute for a full review of the funding formula. The AG cites the 2002 Rozanski report calling for a regular review of the GSN, and notes that other groups (including the Canadian Centre for Policy Alternatives, The Elementary teachers' Foundation of Ontario (ETFO), the Ontario Public School Boards' Association, and the Minister of Education) in 2005, have also called for a comprehensive review. The overall Ministry response to the AG's report does not indicate an interest in engaging in a comprehensive review. The Ministry's response also included the statement that "several new committees are planned for this school year to discuss various parts of the GSN in addition to the annual engagements currently underway." This further highlights the reluctance to conduct a full review, and indicates that we are in for a continuing string of consultations with the government.

To be clear, the AG is not making the argument that school boards are underfunded. The report notes that over the past ten years funding has increased at a faster rate than enrolment growth. What the report does not account for in this comparison are the new programs and mandates that have been introduced over that time (e.g. full-day kindergarten, and reduced class sizes). The AG does, however, note that many of the benchmarks used for calculating funding are out of date, and do not consider the actual costs for all boards. In fact, the report states that the Ministry recognizes that costs can vary significantly between boards in different regions, but also between schools within a given board. Based on much of the data provided it is a reasonable inference that funding is insufficient to meet needs of schools. The AG,

however, is more concerned with cost containment and allocating resources based on specific purposes (rather than allowing boards to allocate resources based on local needs).

With regard to funding, the report does identify several areas of concern for CUPE:

- Special Education
 - Funding does not take into account the actual needs of schools, instead using demographic predictive modelling. Had funding been based on need, \$111 million would have been allocated differently (some boards receiving more, some less).
 - Need for special education is rising faster than the rate of enrolment growth.
 - 80% of school boards spent at least \$100,000 more on special education than they were allocated.
 - All boards receive funding through the Education Funding – Other (EPO) for Autism Supports and Training, to support training on Applied Behaviour Analysis instructional methods.
- School Renewal
 - Three quarters of school boards spent at least \$100,000 less on school renewal than they were allocated. Two boards spent at least \$10 million less than they were allocated.
 - Estimates the cost of all deferred maintenance will be \$15.2 billion by 2020.
- English as a Second Language (ESL)/French as a Second Language (FSL)
 - Since 2002-03, the percentage of English-language elementary schools with ESL students has increased from 43% to 73%. This is expected to increase with the arrival of refugees from war-torn countries.
 - ESL and FSL funding is not enveloped. Boards can therefore spend funds allocated for ESL services on other areas.

The AG takes issue with the fact that 85% of operating funding from the Ministry is spent at the discretion of school boards. Boards have traditionally used the flexibility in the funding formula to allocate money based on local priorities, meaning that funds that are allocated for specific purposes are not always spent on those purposes. The Learning Opportunities Grant (LOG) is the primary focus of the report, and the AG recommends enveloping funding under the various allocations under the LOG. Considering that enveloping of funding under the LOG was one of the main discussion points in this year's Education Funding Engagement, it is reasonable to assume that the Ministry will make some moves to restrict the use of the LOG allocations in future GSN regulations.

According to the report, "38% of schools in Ontario – 1852 schools – had utilization rates of 75% or less; 13%, or 583, of these schools were operating at a utilization rate of 50% or less." Underutilization was found in all regions of the province, with the highest rate of underutilization being in the Greater Toronto Area (29%). The AG does not question the method for calculating utilization rates, but does suggest that consolidating schools, and sharing school space between boards are possible ways to bring utilization rates up.

There is currently a legislated spending cap on board governance and administration expenses. The report found that in 2015-16, 13 school boards were not in compliance with the cap (7 French boards, 6 English boards). There were no repercussions for these violations. Instead, the Ministry raised the cap for most boards.

School Boards' Management of Financial and Human Resources¹

Whereas the Ministry supported our demand for a comprehensive review of the funding formula, the first recommendation in the section on school boards takes aim at sick leave used by school board employees. The AG reports that sick leave has increased by 29% since 2012, resulting in a 25% increase in payroll expenses. Increased use of sick leave was found for all occupational groups, with custodians/maintenance employees and Education Assistants having the highest rates of use, and Education Assistants (EAs) and Early Childhood Educators (ECEs) having the highest rate of increase of use. As a result, the report recommends that boards introduce “effective attendance support programs”.

There is, however, no actual evidence of abuse of sick leave presented in the report. In fact, there is explicit recognition that custodians and maintenance employees might have higher rates of use due to the physical nature of the job, and EAs and ECEs are more susceptible to getting sick due to interactions with students. Yet the AG still simply assumes that increased use is equivalent to abuse, without examining other explanations for increased use. Given the high profile that this was given in the media we should expect that employers will be putting pressure on our members who use sick leave. Furthermore, since the AG identified the centrally negotiated sick leave plan as a barrier to implementation of attendance management programs in school boards, we should expect to face concessionary demands during the next round of bargaining. Such a conclusion is bolstered by the fact that the three trustees' associations that were consulted “commented that 90% pay is not a penalty when you factor in cost savings for travel and means” – as if workers should be penalized for being sick.

Significant attention was paid to special education in this section of the report. Specific attention was paid to long wait times for psychological, and speech and language assessments, noting that wait times can be in excess of one year. There has been an increase in the use of external psychological assessments. Although board staff are still responsible for reviewing and implementing recommendations made by external assessments, it is troubling to note the increase in private provisions of the services. This should be interpreted as part of an apparently growing trend to contract out board employees' work. It should also be seen as unequal treatment of students whose families cannot afford the cost of external assessments. The principle of equality that should be at the core of public education is eroding.

¹ The report is based on a detailed analysis of four boards: Toronto Catholic DSB; Hamilton-Wentworth DSB; Halton Catholic DSB; Hastings and Prince Edward DSB. A broader set of data was used for the analysis of sick leave use. It should be noted that in the process of writing the report, the AG staff consulted with management at boards, three trustees' associations, and 3 of the teachers' federations. Even though CUPE represents workers at all of the boards selected for specific review, we were not invited to participate in the report.

Of the boards that were reviewed, special-needs student to EA ratios ranged from 5.6:1 to 7.4:1. Each board had its own criteria for allocating EAs to schools, and is often either based on subjective criteria, or not based on the actual evidence when objective measures are used. The report recommends that allocation of EAs to schools be based on objective measures. This should be flagged as a potential issue for ongoing labour relations at boards, and could become an issue for local bargaining, since any changes to EA assignments and workload will affect our members and will have an effect on the smooth and consistent delivery of services to members.

In three of the four boards given reviewed in detailed analysis, EAs are not required to have any specialized training, other than basic special education training, to address the needs of students with the range of exceptionalities identified by the Ministry (behavioural, communicational (autism and speech impairment), intellectual (mild intellectual and developmental disability), physical, and multiple exceptionalities). All the boards claimed to provide voluntary professional development to teachers to address student needs. The AG recommends that boards hire and train staff to meet the diverse needs of students, which is in keeping with the demand of the OSBCC EA working group to provide greater access to professional development to our members.

Other findings in this chapter:

- All four boards that were reviewed were compliant with class size regulations on the compliance dates, however all four exceeded class size limits when tested on other dates.
- Additional teacher and other supporting resources need to be allocated to schools with lower student achievement.

Conclusions

There are issues raised by the Auditor General that should be flagged as labour-management concerns, and potentially as demands that we will face in central and local bargaining in 2019. Notably, the sick leave provisions were identified by trustees' associations as a significant concern.

Some of the key recommendations in the report can be used to support our ongoing campaigns. The call for a comprehensive review of the funding formula is welcomed, as is the recommendation that additional professional development be provided to EAs. That being said, the overall purpose of the Auditor General's report is cost containment. The recommendation for a review of the GSN does not mean that the AG is also calling for increased funding, even if that is a legitimate conclusion to be drawn from what is included in the report. Although some of the recommendations in the report are useful, we should also be prepared to respond to uses of the report that are contrary to our interests.

Appendix 1: List of Recommendations made by the Auditor General

Chapter 3: Section 3.08 – Ministry Funding and Oversight of School Boards

1. To ensure that funds are allocated in a manner that supports school boards in providing a high standard of education to all students, we recommend the Ministry of Education:
 - Conduct a comprehensive external review of the funding formula, including all grant components and benchmarks, as recommended by the Education Equity Funding Task Force in 2002;
 - Regularly review the formula and update all benchmarks to reflect the province's changing demographics and socio-economic conditions; and
 - Use the more current census data available when determining allocations for grants.
2. To provide funding in a more equitable manner and ensure the funding meets the actual needs it is intended to address, we recommend the Ministry of Education assess whether the funding of grants intended to serve the needs of a specific group of students or for a specific purpose is achieving that purpose.
3. For the Ministry of Education to provide funding in proportion to a school board's need, we recommend it:
 - Determine to what extent school boards are spending funds for specific education priorities (such as supports for ESL students and Indigenous students) on those specific purposes, and where it finds significant discrepancies, follow up with school boards to understand the reason for the discrepancies and better align funding with actual needs; and
 - Design and conduct validation procedures to verify the use of restricted funds.
4. To reduce the overall administrative burden on both the Ministry of Education) and school boards, we recommend that the Ministry:
 - Regularly review grant programs funded under Education Programs – Other (EPO), and where program funding is expected to continue beyond the short term, incorporate the funding into the Grants for Student Needs; and
 - Complete the project to transform the financial administration, contract management, and reporting process for funding considered necessary by way of transfer payments through EPO grants.
5. To improve students' performance in mathematics, we recommend that the Ministry of Education:
 - Assess the effectiveness of its 2016 math strategy and take corrective action where little or no improvement is noted; and
 - Assess the costs and educational benefits of having elementary school students taught mathematics by a teacher with math qualifications.
6. To further understand cost drivers, we recommend that the Ministry of Education regularly analyze costs being spent by individual school boards with similar characteristics to identify areas where fiscal restraint or a review of their expenditures is needed.

7. To reduce the rise in the number of sick days by school board employees, we recommend that the Ministry of Education ensure that school boards develop and implement effective attendance support programs.
8. To work toward achieving the appropriate level of physical infrastructure required to meet current and future needs, we recommend that the Ministry of Education complete its review of the process school boards use when considering school closures and work with school boards to address the issues uncovered in the review.
9. To increase assurance of the reliability of enrolment data used in calculating Grants for Student Needs funding to school boards, we recommend that the Ministry of Education:
 - Set specific audit procedures for enrolment audits that include auditing enrolment numbers of student groups used in calculating funding, such as Indigenous students and students receiving special-education programs or services; and
 - Assess the costs and benefits of requiring school boards to have these audits performed annually by their external auditors.
10. To address errors found during enrolment audits and to mitigate the risk of future errors, we recommend that the Ministry of Education follow up with school boards to ensure that recommendations resulting from enrolment audits have been implemented.
11. To ensure that leading practices identified during the operational reviews of school boards have been adopted, we recommend that the Ministry follow up with school boards to identify the implementation status of key recommendations outlined in their operational reviews, and work with school boards to put best practices in place, where it has not been done.
12. Where the Ministry of Education determines that the best form of funding a program is through transfer payments, we recommend that the Ministry develop procedures to ensure the required reporting is fulfilled, and that if reporting requirements are not met, that additional funding not be provided the following year.
13. To monitor whether class sizes are maintained throughout the year, and not just on the reporting dates, we recommend that the Ministry of Education
 - Inform school boards that class size restrictions should be in effect throughout the school year, and not just on the reporting dates; and
 - Verify class sizes at select schools at various times throughout the year.
14. For all students in the province to benefit from smaller class sizes, we recommend that the Ministry of Education assess the costs and benefits of implementing maximum class size restriction caps for Grades 4 to 12, similar to ones in place for kindergarten and Grades 1 to 3, to complement the restrictions on average class size.
15. To simplify the administrative process of emitting Education Property Tax funding to school boards and to ensure that all Education Property Taxes collected from taxpayers are being remitted, we recommend that the Ministry of Finance:
 - Assess whether there is a benefit to collecting Education Property Taxes centrally on behalf of the Ministry of Education to distribute through the Grants for Student Needs; and

- Develop procedures to verify the accuracy and completeness of Education Property Tax received.

Chapter 3, section 3.12 – School Boards’ Management of Financial and Human Resources

1. To reduce the rising direct and indirect costs associated with sick days, we recommend that school boards develop and implement effective attendance support programs that can include timely and accurate absence reporting, tracking and data analysis, and early identification of illness or injury to allow for early intervention for the safe return to work.
2. To better ensure staff requiring additional training and/or assistance to be more effective in their job receive it, we recommend that school boards:
 - Put in place an effective performance appraisal system for all groups of employees, including superintendents; and
 - Complete performance evaluations as required.
3. To ensure teachers are receiving evidence-based professional development that focuses on student achievement, we recommend that school boards:
 - Have all schools complete the school improvement plans based on their student achievement results and achievement gaps;
 - Review and analyze all school improvement report-backs to reconcile the actual training to the school improvement plans; and
 - Monitor student achievement in the areas where professional development was provided to measure effectiveness of the training and report these results publicly.
4. To support student achievement and effective stewardship of resources, we recommend that school boards:
 - Where needed, allocate additional teacher and other supporting resources to schools with lower student achievement; and
 - Monitor the impact and effectiveness of the additional resources on student achievement and adjust where desired results are not achieved.
5. To ensure funding for specific education priorities are used for their intended purposes, we recommend that school boards focus their use of the funding on evidence-based areas where the at-risk students and English-language learners are performing below provincial standards.
6. To ensure all special-needs assessments are completed in a timely and equitable manner, we recommend that school boards:
 - Establish reasonable timelines for completing psychological, and speech and language assessments;
 - Have access to all assessment wait lists at the board level and use this information to reassign assessments to specialist who have smaller workloads;
 - Implement a plan to clear backlogs; and
 - Track use of external assessments to better gauge demand.

7. To ensure that special-education students are provided with support that best meets their needs, we recommend that school boards:
 - Implement objective measures to allocate staffing resources to special-education students based on their needs; and
 - Hire and train staff to ensure they are best equipped to provide support for the types of student exceptionalities to which they are assigned.
8. To better ensure that the special-educational support services meet the needs of special-needs students, we recommend that school boards establish and publicly report on key academic and non-academic performance indicators to track student improvement for each type of exceptionality.
9. To provide effective oversight of operations, we recommend that school boards:
 - Set measurable targets for each of their strategic goals regarding student achievement, student well-being, and stewardship of resources;
 - Regularly measure progress on the goals against targets and report them publicly;
 - Implement recommendations on audits conducted by the regional internal audit teams in a timely manner; and
 - Where possible, coordinate to have their regional internal audit teams examine issues common among the boards in the region to identify best practices, which should then be shared with boards province-wide.
10. To help reduce costs for goods and services, we recommend that school boards collaborate on future group purchasing arrangements, either through the Ontario Education Collaborative Marketplace or by linking into cost-saving contracts already in place in larger boards, such as the Toronto Catholic District School Board.
11. To provide the Ministry with accurate information on spending, we recommend that school boards:
 - Implement Ministry expense coding into all financial information systems; and
 - Report actual spending instead of estimated spending for restricted portions of special purpose grants.

TRANSMITTAL INFORMATION

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