

Module 13 – Part A: The GSN Funding Model

[Overview]

This module is structured into three parts to provide a basic understanding of:

- Part A: The GSN Funding Model
- Part B: The Legislative Context
- Part C: Board Budgeting

A key responsibility for school boards under the Education Act is ensuring effective stewardship of the board's resources. To support you in this responsibility, this module will provide a basic understanding of Ontario's Education Funding Model – the Grants for Student Needs; the legislative context for a board's financial responsibilities; and the board budgeting process.

[Part A: The GSN Funding Model]

The main goal of school funding in Ontario is to support student achievement and well-being and to make sure that all students have an equitable opportunity for a high quality education. The Grants for Student Needs Funding Model is the integral mechanism for meeting this goal.

[How School Boards Are Funded]

School boards in Ontario are funded through a funding formula known as the GSN – Grants for Student Needs. Funding is allocated to boards through a series of grants based on student enrolment and the needs of students in each board. The various funding formulas contained in the GSN reflect measures to allow boards to operate effectively. The formulas are adjusted each year by the Ministry of Education based on economic and program factors and provincial priorities. The Ministry also takes into account input from boards and other stakeholders.

[Two Funding Sources]

The GSN funding formula sets out the total funding allocation for each board. However, the revenue to support the funding determined under the GSN comes from two sources:

- **Education Property Taxes** – The province sets tax rates for residential and business properties. These are the same for all four school systems. Property taxes are collected by municipalities on behalf of the province and are paid over to school boards.
- **Provincial Grants** – The province provides additional funding to boards up to the level set by the funding formula.

Provincially, approximately 30% of funding comes from property taxes and 70% from provincial grants. These percentages vary by board depending on the size of the property tax base of the particular board. Expenditure on education represents the second highest item in the provincial budget.

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[Goals of the GSN]

The current funding system is intended to:

- Provide a fair allocation for all students, wherever they live in Ontario
- Ensure that the financial resources for school boards reflect the provincial standards and vision for education
- Allow boards some flexibility to decide how funds will be allocated to programs and supports, and among the board's schools
- Restrict how boards spend money in some specific areas
- Promote school board accountability by ensuring that boards report consistently on how they spend their allocations

[Restrictions on Spending]

Boards must achieve balanced budgets and class size targets. Certain funding is targeted for exclusive purposes. For example, funding for special education may be used only for special education, and funding for new schools, additions and major repairs may be used only for those purposes. The funding model also limits what boards can spend on board administration and governance – this cannot be more than the allocation provides.

[Structure of the GSN]

A board's total GSN funding allocation is determined by formulas in three major components:

- **Foundation Grants.** These are the Pupil Foundation Grant and the School Foundation Grant which cover the basic costs of an educational experience that is common to all students.
- **Special Purpose Grants** address the unique needs of students, schools and school boards.
- **Capital Funding Programs** include the Capital Priorities Grant, School Consolidation Capital Grant and School Condition Improvement Funding. These provide funding for operating, repairing and renovating schools, as well as the cost of new construction.

[Pupil Foundation Grant]

The Pupil Foundation Grant is a per-pupil allocation that supports the elements of a classroom education that are required by, and are generally common to, all students. There are four levels of funding in the Pupil Foundation Grant. These are adjusted each year and support average class sizes specific to the school divisions of Primary, Junior and Intermediate, and Secondary.

The Pupil Foundation Grant is intended to cover the basic costs of:

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- Classroom teachers (including preparation time, specialists, student success teachers, supply teachers and professional development)
- Library and guidance services
- Educational assistants
- Classroom consultants
- Professional and paraprofessional supports such as psychologist, social workers, child and youth workers, and computer technicians

This grant also covers classroom supplies, textbooks, learning resources and classroom computers.

[School Foundation Grant]

The School Foundation Grant funds in-school administration and leadership as well as school office supplies. It provides funding for:

- One principal for every elementary school with 150 or more students, and every secondary school with a minimum of 200 students; smaller schools receive a half-time principal. Additional support is also made available for schools based on the distance they are from each other; these are called either Supported Schools or Distant Schools.
- Vice-principal support based on school size
- One office staff person for every school and additional administrative support, based on school size, and support provided as well for Supported Schools
- School office supplies – There is a per-school amount for every school as well as a per-pupil amount.

[Special Purpose Grants]

Special Purpose Grants are designed to recognize the unique needs of boards through a wide variety of grants and supplements. These cover:

- Special education
- Language
- First Nation Métis and Inuit Education
- Geographic Circumstances
- Learning Opportunities
- Safe Schools
- Continuing Education and Other Programs
- Cost Adjustment, and Teacher Qualifications and Experience
- Student Transportation
- Declining Enrolment Adjustment
- Board Administration and Governance
- School Facility Operations and Renewal

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To learn how these Special Purpose grants relate to your board and how they work, consult with your Superintendent of Finance.

[Capital Funding for Pupil Accommodation]

The Board of Trustees is responsible for decisions related to pupil accommodation and safety. They ensure that students have access to the best possible learning environments.

They set school board policies and priorities for school construction, renovation, and repair, and make decisions about opening and closing schools as well as buying and selling school buildings.

They approve school board capital plans that align with Ministry funding benchmarks.

[Capital Funding Programs]

To make effective decisions for school pupil accommodation, the board relies on:

- The Capital Priorities Grant, which provides for new schools, additions and major renovations
- The School Consolidation Capital Grant, to support consolidation of and closing of schools
- School Condition Improvement Funding, to address the renewal needs of schools

[Capital Priorities Grant]

In addressing the pressures caused by enrolment growth, replacing schools that are in poor condition or the need for major renovations if schools have to be consolidated, the Board of Trustees will approve a plan that prioritizes capital proposals based on urgency and need. They will endorse a submission that contains up to eight business cases, requesting Ministry funding for these projects and/or approval to proceed with a project using the board's own funds. In developing a submission the board is expected to explore reasonable solutions as an alternative to requesting capital support. Approved projects must meet Ministry benchmarks.

[School Consolidation Capital Grant]

The Ministry has invested in multi-year funding to support the most efficient use of a board's schools, for example, by consolidating two underused schools into one.

As is the case with capital priorities, the Board of Trustees needs to approve a plan that prioritizes proposals to reduce ongoing operating and renewal costs. Prior to endorsing a submission of up to eight business cases to the Ministry for funding and approval, the board will have explored alternate solutions to ensure best options in terms of value for money. Approved projects must meet Ministry benchmarks.

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[School Condition Improvement]

There is annual funding in the GSN for school renewal needs and it is the responsibility of the Board of Trustees to ensure prudent use of renewal funds to address effective and safe facility conditions, and to develop a long term strategy for dealing with ongoing renewal needs.

[School Utilization]

Effective approaches to meeting the requirements of pupil accommodation require the Board of Trustees to make often difficult decisions about school space. This can involve:

- Finding other students for the space through boundary changes, grade configurations or new programs
- Finding other purposes for the space such as child care centres, community partners, joint use with co-terminous school boards
- Closure of surplus schools
- Sale of surplus schools

[School Board Efficiencies and Modernization: Constraint and Reinvestment Measures]

In response to the economic downturn, the Ministry has implemented constraint measures in the following areas:

- Reduction in school renewal and operations top-up funding
- Reduction in declining enrolment supports
- Changes leading to a three-year phase-out of the Geographic Circumstances Grant
- Net investment in supported schools capital planning capacity

[Provincial Framework Agreements]

Collective agreements covering staff in school boards have been amended over the years through Provincial Framework agreements. The Ministry funds the costs related to these agreements. Provincial standards and vision for education set out in the agreements are translated into necessary financial resources for school boards. The Grants for Student Needs funding model leads to increased transparency and accountability for what is funded, and it facilitates multi-year planning because boards know that major budget items – such as salary and workload adjustments – will be covered.

[Measurement of Enrolment]

GSN funding formulas are based primarily on student enrolment, referred to as the Average Daily Enrolment or ADE. There are two enrolment count dates. These are October 31 and March 31 and the enrolment for each count date is weighted at 0.5.

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The Average Daily Enrolment for continuing education and summer school is calculated differently.

[Unique Needs of Boards]

The funding formula would not be working as intended if all 72 boards received the same amount of funding on a per-pupil basis. The GSN formulas are designed to respond to the requirements of individual students and individual boards. While the Pupil Foundation Grant is the same for all pupils in all boards depending on division, per-pupil funding provided through the Special Purpose Grants varies from board to board depending on location, geographic circumstances, student needs, and a board's demographic profile.

[Improving the Funding Formula]

Each year the Ministry conducts formal consultations with stakeholders including school board/trustee associations. Boards that feel they have unique needs that are not recognized in the funding formulas have an opportunity to make their case to the Ministry. Input from various sources is typically used to adjust the formula for the coming year. Any changes introduced by the Ministry to the funding formulas are applicable to all boards. Working groups and committees are established on an ad hoc basis. One example is the School Board Administration and Governance Working Group. Education funding has been increasing for more than 10 years and is the second largest item in the Ontario budget. The government is committed to an overall review of the funding formula.

Examples of funding model reforms include an equitable realignment of school board administration and funding, a formula-based approach to the allocation of high needs special education funding, and additional funding to support a Mental Health Leader in every school board.

[Other Revenues Available to Boards]

Although the GSN allocation determines more than 95% of the revenue available to a board, there are some other sources of revenue such as:

- Ministry grants outside the GSN – These are Education Program Other (or EPO) grants.
- Grants from other Ministries and the Federal Government
- School-generated funds
- Fees from individuals (day school and continuing education)
- Rental revenue
- Interest

These revenues account for less than 5% of the board's budget and tend to be earmarked funds.

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[School Authorities]

The GSN funding formula that has been described applies to the 72 district school boards in Ontario. School authorities are very small school boards that are located either in remote areas of Ontario or in children's treatment centres. They are funded differently from the 72 school boards. Funding for school authorities recognizes the unique costs of operating very small schools in remote areas and children's treatment centres. Funding is based, to the greatest extent possible, on benchmarks and factors consistent with the GSN, with provisions for special approvals by the Ministry.