

Moving Forward Together:

Restoring Financial Stability to
Dufferin-Peel Catholic District School Board

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January 30, 2007

Introduction

In the fall of 2005, staff of the Dufferin-Peel Catholic District School Board (DSB) advised the Ministry of Education that they would not be able to balance the budget for the 2005-2006 school year. Based on Revised Estimates, a year-end deficit of \$15.1M was anticipated. Even larger deficits were projected for future years.

As a first step in returning the Board to a balanced financial position, the Minister of Education initiated an investigation into the financial affairs of the Dufferin-Peel Catholic DSB. The investigators' report was submitted to the Minister on April 3, 2006. It provided 26 recommendations designed to aggressively manage operational issues and avoid future jeopardy to programs and services.

On June 15, 2006, a Special Advisor was appointed to assist the Board in developing a deficit management plan that would return the board to a balanced financial position by August 31, 2008.

Returning the Board to a balanced financial position and establishing the conditions for long-term stability was originally envisioned as a three-stage process. It consisted of:

- 2005-2006 in-year constraints to reduce the forecasted deficit from \$15.1M to slightly over \$2.5M by August 31, 2006;
- temporary and permanent budget reductions designed to produce a 2006-2007 operating deficit of \$2.5M and lower the structural deficit to approximately \$5.3M by August 31, 2007; and
- elimination of the structural deficit in the 2007-2008 fiscal year.

The process was designed, as the Director indicated in his August 30, 2006 Memorandum to Trustees,

“to reflect a balanced and holistic approach which would allow the Board to meet its obligations under the Education Act; recognize the funding available for the delivery of programs and services; respond to the needs of the system within the funding provided...and where it made sense to do so...align expenditures more closely to allocations; for example Reading Recovery, transportation and secondary staffing outside the collective agreement.”

The first phase of this plan was successfully implemented. The constraints introduced in the 2005-2006 budget year allowed the Board to reduce the forecasted deficit from \$15.1M to approximately \$2.4M (0.4% of the operating budget).

However, the Board rejected the second and third phases of the process. The proposed deficit management plan (Plan B), which would have produced a balanced financial position by August 31, 2008, was only partially approved.

As a consequence of the Board's refusal to submit an approved deficit management plan, the Minister of Education established a Co-management Team to oversee the financial affairs of the Dufferin-Peel Catholic DSB.

Decision-Making Process

Unlike supervision, the co-management process is designed to ensure that the Trustees continue to play an important role in determining the future direction of the Board.

Under co-management, Board committees continue to consider all matters within their purview. The Board decides all matters over which it has control and makes recommendations on the remainder. All deficit reduction proposals are brought to committee and Board for consideration and advice.

Staff committees also function in their normal fashion. The Chairperson of the Co-management Team attends the bi-weekly Executive Committee meetings and the monthly Administrative Council meetings as an ex-officio member. Staff supports for the co-management process are co-ordinated through these structures.

The Co-management Team was originally intended to be composed of a chairperson, appointed by the Minister, and two trustees nominated by the Board. The Chairperson of the Co-management Team was delegated to assume control over the exercise and performance by the Board of its powers, duties and obligations related to financial and other matters. The trustee members were to assist, advise and work with the chairperson in fulfilling the mandate of the Co-management Team. The Board declined the Minister's invitation to nominate trustees to the team.

Had traditional supervision been in place:

- all matters affecting the operation of the Board would be decided by a supervisor;
- committees would cease to function;
- the Board would meet only to consider denominational issues;
- there would be no opportunity for Trustees to bring their views to the table;
- community input would be directly to the supervisor, sitting as Board;
- honoraria and expenses of Trustees would be revisited to correspond to the reduced responsibility of trustees; and
- the Director and staff of the Board would report directly the supervisor.

This model would not have supported the objective of ensuring that the Board emerges from this process not only more financially stable, but also as a healthy organization ready to deal with future challenges.

Phase Two

The terms of reference for the Dufferin-Peel Catholic DSB Co-Management Team require that it restore the Board to a stable financial position through the implementation of “Plan B”, or through other alternatives that ensure that a balanced budget is achieved.

I am pleased to report that the major objectives of the second phase of the deficit reduction plan will be achieved.

As of January 30, 2007, the following elements of Plan B have been implemented

Item	Anticipated Savings
	2006-2007
Permanent maintenance reductions	\$1,730,000
Deferred maintenance	\$270,000
Cancellation of 1 early release day	\$50,000
New technology for access to email services*	\$100,000
More stringent travel guidelines	\$21,000
Reduction of 2 VP appointments	\$219,245
Legal fee reductions	\$200,000
OCSTA fee deferral**	\$100,000
Computer leasing freeze	\$600,000
Summer closing of administration centres	\$75,000
Reduction of 2 consultant positions	\$159,546
Implementation of IB fees	0
Alternate internal audit approach	\$25,805
Discretionary budget freeze	\$2,350,821
Additional transportation grants (anticipated)	\$2,385,000
Transfer of maintenance to capital	\$2,900,000
Total	\$11,086,417.00

* changed from proposal to eliminate contract staff

**reduced from \$170,000 to fund the shortfall in trustee budgets as a result of the new honoraria structure

Plan B also contemplated the reduction of 11.4 positions in the ranks of Child and Youth Works, Social Workers, Psychologists, Speech Pathologists and Education Resource Workers. Although the positions have not been formally eliminated, there are currently sufficient unfilled vacancies among these employees groups to generate the \$838,462 in savings assumed for 2006-07 in Plan B.

Additional savings are also being realized from the “job freeze” currently in place. Currently, all vacant positions are reviewed by Executive Council and the Chair of the Co-Management Team. Only positions that are essential to the functioning of the organization are filled on a permanent basis. The savings generated from this review process are approximately \$206,706.

Although not contained in Plan B, a further \$400,000 is expected to be generated through the use of recent faculty graduates rather than retired teachers to fill long-term occasional positions. The milder winter weather will also result in lower expenses for utilities and snow-plowing than originally estimated.

Despite the fact that several elements of Plan B originally scheduled for 2006-07 (i.e. permanent reduction of clerical, secretarial and APSSP complements and staggered school hours) have been postponed, the year-end operating deficit will be under \$4M. In addition, the structural deficit will be reduced from \$14.1M to slightly less than \$9M.

Developing Phase Three

Of the 29 items originally contained in Plan B, seven remain to be considered in Phase 3 of the deficit management plan. They include:

- introduction of staggered school hours for more effective use of the transportation fleet;
- elimination of transportation services for “optional attendance” schools and programs, i.e. St. Sofia, Holy Name of Mary and French Immersion programs;
- implementation of full-day/alternate-day kindergarten programs;
- revision of the secondary school staffing model;
- re-alignment of secretarial and clerical support services;
- development of alternate strategies for literacy support, and
- adoption of a new ratio for assigning special education teachers.

Determining how to proceed requires that three issues be addressed:

- Is there merit in continuing to pursue the remaining strategies?
- Are there implementation issues that affect the timelines for introduction?
- Do alternative measures to achieve the objective exist?

A number of activities were undertaken to address these questions. They included the following items.

1. Board staff developed implementation profiles for each of these proposals. These profiles detail the nature of the proposal, the risks involved, the

mitigation strategies, the implementation timelines and the proposed consultation approach.

2. The opportunity to provide input related to the remaining deficit management proposals was extended to all staff groups. Meetings between the Chairperson of the Co-management Team and the executive of OECTA Elementary, OECTA Secondary, OECTA Occasional Teachers, DPERWA APSSP, CUPE 1493 and CUPE 2026 were held prior to the Christmas break. Meetings with the two principals' associations and the middle management association occurred in early January 2007. SEAC was consulted at its regularly scheduled meeting on January 17, 2006. The meetings provided an opportunity for each group to share their perspective on:
 - i. Plan B implementation issues;
 - ii. alternatives for deficit reduction; and
 - iii. consultation and the information sharing process.
3. Specific communities directly affected by the deficit management proposals were invited to meet with the Chairperson of the Co-management Team. Preliminary discussions were held with the chair and past chair of the St. Sofia CSAC in December 2006. A meeting with the full executive occurred on January 25, 2007. A similar meeting with the Executive of the Holy Name CSAC was held on January 22, 2007.
4. All previous reports and presentations to Committees and Board on the remaining elements of the deficit reduction plan were reviewed.
5. Program department staff was requested to develop a multi-faceted assessment-based approach to support literacy initiatives in the system. A report on the issue will be brought forward to the Faith and Program Committee during the budget process.
6. Staffing Committees were requested to explore opportunities for cost containment that may exist within existing collective agreements for the 2007-2008 academic year.
7. Meetings were held with the senior staff of the two Toronto school boards to determine whether the recommendations of their Special Assistance Team provide any further opportunities for efficiencies at the Dufferin-Peel Catholic DSB.
8. Discussions were held with senior staff of the Peel DSB on issues of mutual concern in the implementation of the deficit reduction plan.

9. A Ministry efficiency and effectiveness review of the integrated transportation system serving students at Dufferin-Peel Catholic DSB was initiated. This review will determine whether additional efficiencies in transportation services can be introduced over the coming years.
10. Executive Council and Finance department staff were requested to review all facets of the Board's operation to determine whether further efficiencies could be identified.

Although there were differences of opinion on the merits, the balance of evidence suggested that the majority of the remaining proposals should continue to be pursued. These proposals represent strategies that many Boards across the province have already adopted to provide programs and services within the financial resources available. Even more importantly, they are similar to strategies that the Dufferin-Peel Catholic DSB adopted to balance its budget both prior to, and after, the introduction of the provincial funding formula. Reductions to the number of teachers, support workers, transportation, programs and program supports were implemented both when the Board had taxing power and after it became reliant on provincial grants for the majority of its funding.

More particularly, the evidence showed that:

1. Staggered school hours that allow more effective use of the transportation fleet are the norm in many jurisdictions. Where this policy is in place, including at the Peel DSB, school hours are determined by the most cost-efficient transportation routing model. Sufficient time exists between now and September 2007, to develop alternate routing models, to consult with schools regarding the revised hours and for parents to make the necessary arrangements to accommodate any changes.
2. Few school boards in the province provide transportation to "schools of choice." Where students, particularly at the secondary level, have the opportunity to attend a local school, but choose to attend a regional or magnet program, they are responsible for their own transportation arrangements. No secondary school students are transported to "schools of choice" at the Peel DSB, or at Catholic boards in Toronto, Durham, Halton and Hamilton. Transportation to "schools of choice" accounts for 13.2% of all secondary school students transported by the Dufferin-Peel Catholic DSB. Since no specific grants are provided for transportation to schools of choice, the service must be funded from general revenues available to the Board. While this is feasible when boards are in a surplus position, it must be done at the expense of regular programs and services when a deficit exists.

Furthermore, both parents and the Board recognize that transportation to the school is subject to change. For example, all families applying for admission at Holy Name of Mary provide written acknowledgement that they may be responsible for their own transportation arrangements.

Providing transportation for secondary schools of choice often adds an additional, unseen, financial burden. Because of their long transportation routes and current school hours, multiple runs are limited. At Holy Name of Mary, for example, altering school hours to a later start time for the second term, would have saved the board \$225,000 in routing efficiencies over the 4 month period.

3. Full-day/alternate-day kindergarten programs have been introduced at 37 of the 60 English language school boards in Ontario. A further 11 use a mixed model wherein full-day/alternate-day programs are offered in part of the jurisdiction and half-day/everyday programs in the remainder. Only 12 boards -- mainly the coterminous boards serving Toronto, Ottawa, Peel, and Waterloo -- have retained the traditional model. The Ministry of Education advises that there is a high degree of satisfaction with the full-day/alternate-day model and success in program implementation.
4. In 2004, the Ministry of Education introduced a new Student Success Strategy. Funding for the deployment of Student Success Teachers at all secondary schools formed a significant part of initiative. These teachers identify and work with struggling students to track progress, support credit recovery and develop programs and services to better meet school targets. At the Dufferin-Peel Catholic DSB these teachers are hired above and beyond the complement of secondary teachers required under the collective agreement. In many school boards these teachers form part of the regular complement of secondary school teachers.
5. The allocation for secretarial and clerical support at the Dufferin-Peel Catholic DSB is significantly overspent. The Board spends approximately \$2.9M more than it is allocated for these purposes. Part of this over-expenditure is due to the 6.5% increase in compensation granted to this group at a time when provincial grants only supported a 3% increase. Staffing has also increased while enrolment has declined. While elementary enrolment decreased from 53,500 in 2002-03 to 53,200 in 2005-06, the number of elementary school secretaries increased from 163 to 170. Secondary school secretaries have kept pace with the growth in enrolment. Administrative support has increased from 160 to 190 persons (18.75%) at a time when total enrolment has grown slightly less than 3,000 students (4%).
6. Programs to support the development of literacy skills are critical to improving student achievement. The Dufferin-Peel Catholic DSB relies heavily on Reading Recovery for its literacy intervention strategy. Reading Recovery is a trademarked program where specially trained teachers work one-on-one with students on early literacy skills on a daily basis for part of the school year. While the program is successful, many school boards across

Ontario utilize less costly alternatives that also produce excellent results. Furthermore, as the Director's August 30, 2006 report to Board notes:

“the current model is one in which teachers are assigned on a formula basis, rather than on an assessment of student need”.

An approach which combines a Reading Recovery focus with other successful strategies in an assessment rather than formula based system should be explored. The Ministry of Education's Literacy Secretariat is prepared to assist the Board in the development of such a model.

7. Elementary special education resource teachers at the Dufferin-Peel Catholic DSB are currently assigned on the basis of 1 teacher for every 200 students. This ratio has been in effect since the early 1990's. During that time period significant additional resources have been introduced to support high needs students. For example, the number of elementary Education Resource Workers has increased from 200 to slightly less than 400. Paraprofessional staff has also increased substantially while enrolment continues to decline. As the Director's August 30, 2006 report notes “other initiatives put in place over the years, such as lower primary class sizes and remedial reading programs help mitigate the need for such teachers. Staff believes that the consequences of [reductions in resource teachers] are acceptable in the context of the service.”

While the consultations and reviews of evidence suggest that the remaining items in Plan B should continue to be explored, they also identified significant issues that affect either the timelines for implementation or the possibility of proceeding. The major issues that must be considered for the design of Phase Three of the deficit reduction proposals are as follows:

1. While Holy Name of Mary is clearly a “school of choice” (to which few Boards provide transportation), safety concerns and lack of public transportation to the school have been raised as concerns if transportation is eliminated. The walk from the nearest transportation link on Dundas is long and no sidewalks exist on part of the route. Significant work must be undertaken with the City of Mississauga to address these issues. Local members of Parliament have offered to assist in this process.

Parents also raised concerns related to equity. If parent-sponsored transportation were adopted, then some families might experience financial hardship. It was suggested that a bursary system or congregated pick-ups for such students could be considered, especially where students currently enrolled might be adversely affected.

Finally, the issue of the original agreement with the Felician Sisters, which required that the school be open to all girls in Dufferin-Peel Catholic DSB,

was raised. However, the program at the school itself limits who can attend and parents themselves acknowledge that admission is not a guarantee of transportation.

2. St. Sofia Catholic Elementary School serves the Byzantine Rite members of the Dufferin-Peel community. Although its students could attend their local Catholic school, the differences in liturgy and tradition between the Roman and Byzantine Rites, lead many to argue that no choice actually exists. Furthermore, where other school boards have established such schools, home-to-school transportation is routinely provided. The community has, however, recognized that efficiencies in transportation can be achieved and is prepared to work with the Board to realize them.
3. Since they operate only in selected centres, French Immersion programs are wholly dependent on the ability of students to get to the sites. The argument for providing transportation to such programs in most school boards is based on program viability and program equity. Without transportation, programs are threatened or become the preserve of the privileged. The Peel DSB provides transportation to these programs and currently has no intention of altering this practice. Elimination of transportation by Dufferin-Peel Catholic DSB could lead to an enrolment shift. Consideration of this item may need to await the requirement for all Boards to be in full-fledged transportation consortia in 2008.
4. Full day/alternate day kindergarten programs have been introduced in many boards across the province. In jurisdictions where long bus rides are the norm, students spend less total time on the bus and transportation costs are significantly reduced. Programs have been modified for full day purposes and many parents report that more enriching opportunities are available for their children on the alternate day. However, in most cases where the program has been introduced it was only done after extensive consultation with parents and in co-operation with the coterminous board. Parents of the Dufferin-Peel community expressed opposition to the proposal for a full day/alternate day kindergarten program during the last round of budget consultations and are unlikely to support it in the short time between January and the start of kindergarten registration for 2007-08. Furthermore, when last presented to the coterminous board (Peel DSB) for consideration, trustees rejected a proposal to move to a full day/alternate day program. Recent discussions with the senior administration of Peel DSB suggest that trustees would not likely take a different position for the 2007-08 school year. If Dufferin-Peel Catholic DSB “went it alone” there is the potential for significant enrolment loss to the public board. This is another item that may need to await the requirement to be in full fledged transportation consortia in 2008.
5. The Dufferin-Peel Catholic DSB, unlike some boards in the province, does not include its Student Success Teachers (SSTs) in the calculation of the

number teachers required by the staffing formula. Changing this practice could save approximately \$3.9M. While the language of the collective agreement can be interpreted to permit such a reduction, commitments made at the bargaining table in 2004 and past practice present serious challenges. Both parties agreed that SSTs would be over and above those required by the formula and the staffing model has been implemented to honour that commitment since then. This measure could be seen as contract stripping;

6. Although there is a job freeze in place, there are insufficient vacancies to achieve the reduction in clerical and secretarial staff through attrition. As matters currently stand, 8 secretaries would need to be laid off if the proposed complement reduction is implemented. The matter is further complicated by the “bumping provisions” in the collective agreement with CUPE 2026. In the worst case scenario, the elimination of the 19 positions would affect 35 employees. Of these

- 17 would retain a position at the same level and tenure;
- 8 would move from full- to half- time;
- 1 would move to a half-time position at a lower classification and lower tenure; and
- 1 would move to a lower classification with increased tenure.

The other 8, as previously noted, would be laid off. Preliminary discussions have been held with the union to determine if vacancies could be banked to permit the reductions to occur through attrition.

Arguments were also made about the ever-increasing administrative work load at schools that require, more rather than less, secretarial assistance.

7. The proposed revision to the special education teacher staffing ratio would increase resource teacher staffing ratios from 200:1 to 204:1, for a saving of 4.2 teachers. This represents a 2% increase in total workload. While the argument can be made that other initiatives that have been put in place mitigate the need for such teachers, teacher unions could take the position that since the ratio is included in a Letter of Understanding appended to the collective agreement, this approach represents a contract strip. In addition it could be argued that the nature of special education needs and programs to service them requires additional, not less staffing.

Some of these risks could be mitigated by implementing the third phase of the deficit reduction strategy over different time frame since:

- the Board is in contract negotiations with its three support staff unions. The change in timing would permit the negotiation process currently underway with CUPE to discuss altering the “bumping process” to avoid the unintended consequences of contemplated staff reductions.

- the current contract with OECTA expires in 2008. Revised timing would permit staff to explore the possibility of including Student Success Teachers in staffing ratios for September 2008 without risking charges of contract stripping. The same consideration applies to a change in assignment ratios for special education resource teachers.
- revised timing would also allow for additional time to consult with communities around changes to the kindergarten and French Immersion programs. With a longer lead time, Dufferin-Peel Catholic DSB could work with its public school counterpart to develop a common approach to these issues and avoid the “shopping” that could occur because of different approaches to transportation provision.

The consultation and review process also identified a small number of additional items that could be considered for incorporation into the deficit management plan. These include:

- altering the secondary school staffing formula to exclude Planning for Independence Program students from the credit delivery staffing calculation, moving the blended enrolment factor for the 2007-08 school year to -4.6% and adjusting the average number of pupil credits used in the staffing formula to 7.5. The Secondary School Staffing Advisory Committee estimates that these efficiencies will reduce the requirement for secondary school teachers by 30 for 2007-08.
- aligning the continuing education budget with the allocations and revenues generated by this service. The board currently spends \$930,000 more than it generates.
- further transportation efficiencies that could be generated by the implementation of a consortium rather than integrated model. A well defined joint-governing structure would permit the department to operate more effectively and efficiently. Costly duplication could be minimized, ad hoc requests could be more consistently approached and conflicting policies more easily harmonized. In addition, efficiencies such as the elimination of costly “shuttle” transportation (use of small, low-capacity vehicles such as mini-vans) to magnet programs (specialized schools, French immersion) could be replaced with a limited number of transit-type runs with fixed stops using full-sized buses.

It was also anticipated that with the release of the provincial school closure guidelines, a number of low enrolment schools could be closed to produce capital and operational savings that could assist in creating a more stable financial position. However, given the timelines required by the process, savings would not be realized until 2009.

Implementing Phase Three

By the end of the second phase of the deficit management plan, it is anticipated that the operating deficit will be slightly under \$3.9M and the structural deficit will have been reduced to approximately \$9M (Appendix A). In order to move forward with the establishment of conditions for long-term financial stability:

1. No new constraints will be introduced for the current fiscal year unless the current deficit reduction target is at risk.
2. The remaining structural deficit will be eliminated in a two-stage process, if required.
3. Implementation plans for 2007-2008 budget reductions will be presented by the Director of Education through the annual budget process.
4. Board staff will work with appropriate unions to ensure that any permanent reductions in staff can be achieved through attrition and with minimal disruption to the system.
5. The 2007-08 structural deficit reduction target will be achieved through the following measures:
 - a. implementation of a needs-based literacy support strategy which utilizes Reading Recovery, Early Literacy Specialists and alternate strategies in a tiered support model;
 - b. adoption of the revised staffing model developed by the Secondary School Staffing Advisory Committee;
 - c. introduction of staggered school hours based on the most effective and efficient use of the transportation fleet;
 - d. working with affected communities to develop more cost effective methods of providing transportation to French Immersion and Byzantine Rite programs;
 - e. elimination of regular home-to-school transportation to Holy Name of Mary Secondary School. Staff will work with the community and the City of Mississauga to mitigate safety and equity concerns. Among the measures to be considered are:
 - i. requesting the City to provide regular transportation services south of Dundas;

- ii. considering bursaries for needy families if parent-organized, rather than municipal, transportation is provided;
- f. introduction of a \$1500 fee for students for whom the International Baccalaureate is a “program of choice” rather than an IPRC placement.

Spreading the deficit reduction program over a longer period requires that a number of temporary constraints be adopted. Otherwise, the year-end operating deficit will require further constraints in the following year. Therefore in addition to the already approved second stage of the computer leasing freeze, the following temporary measures will be maintained for 2007-2008:

- g. discretionary expenditure controls for departments and schools. While this measure continues the reduction introduced in November 2006, it provides a per-student funding level above the level provided to schools by the Toronto Catholic DSB, a board of similar size and composition;
- h. use of recent faculty graduates to fill long term occasional positions;
- i. vacancy management program;
- j. deferral of maintenance programs; and
- k. phase two of the computer leasing program previously approved by the Board

Estimated savings from these measures are provided in Appendix A.

In addition, an independent review of the Board’s administrative structure will be undertaken to determine whether further administrative efficiencies can be achieved for implementation in 2007 or 2008.

- 6. The remaining structural deficit of \$2.4M will be eliminated in 2008-2009. The three strategies that remain, i.e.
 - a. inclusion of Student Success teachers in the regular complement of teachers;
 - b. altering the ratio for assigning special education teachers; and
 - c. implementing a full-day/alternate-day kindergarten program

provide greater savings than required to balance the budget.

By then the Board should be engaged in a more cost-effective transportation consortium, the results of the administrative review will be tabled and the impact of provincial grant increases for 2007-08 and 2008-09 will be known.

However, since they are subject to discussions with other parties, and the impact of 2007-2008 measures is not fully known, the Director of Education's 2008-09 budget implementation report will detail which of the foregoing measures will be included the final stage of deficit reduction.

Taken together these measures will set the foundation for restoring financial stability at the Dufferin-Peel Catholic DSB.

Ensuring Continued Success

While the elimination of the Dufferin-Peel Catholic DSB deficit is an important step in ensuring financial stability, it is not a sufficient condition for ensuring continued success. Policies and processes which determine the manner in which the staff and trustees operate are equally important.

The way in which the Board approaches issues and the rules governing its behaviour are defined in the by-laws and policies of the Board. To ensure that the conditions for continued success are in place, the by-laws of the Board will:

1. Establish an annual budget process, commencing no later than February 1st of each year that:
 - a. ensures all parts of the community have an opportunity for meaningful participation, and
 - b. requires a balanced budget be approved no later than June 30 of each year.

For the period in which co-management is in place, the later provision will be replaced by a requirement to meet the annual reduction targets outlined in the deficit reduction plan.

2. Provide for a "money bill" which will require Trustees and staff wishing to implement new programs or services or alter existing ones to identify the source of funding for the proposal. Four funding sources will be specified in the by-law -- additional grants that are being provided by the Province, new revenues raised by the Board, savings generated through reductions in other areas and budget surpluses.
3. Include a provision for the monthly reporting of budget variances.
4. Require the Director of Education to present a plan for a balanced budget as part of the annual budget process. For the period in which co-management is in place, this provision will be replaced by the requirement to submit implementation plans for each of the provisions of the deficit management strategy.
5. Further require the Director of Education to present the Board with an expenditure constraint plan where Revised Estimates project a year-end operating deficit. For the

period in which co-management is in place, this provision will come into effect when Finance staff indicates that the annual deficit reduction targets are at risk of not being met.

6. Empower staff to set school hours on the basis of the most effective and efficient use of the transportation fleet.
7. Define the primary role of the Board as policy governance.
8. Establish the requirement for an annual system review and strategic planning process.
9. Require the development of approved criteria for the prioritization of capital programs; and
10. Set Trustee honoraria and expenses in accordance with the October 31, 2006 decision of the Chairperson of the Co-management Team.

Staff will present proposals to implement these directions to the By-Law Committee on January 29, 2007, and at a special February meeting.

A Fragile Fabric

While much of the discussion over the last few years has been framed in financial terms, the debate is about far more than money. At root, it represents a breakdown of the essential conditions for a healthy social fabric.

For a robust relationship to exist between the institutional partners that shape the educational experiences of communities, the partners must:

- work together in a professional relationship based on trust;
- exhibit fairness in their dealings with one another;
- respect the contributions each partner makes to the achievement of common goals; and
- have a sense of belonging to an entity that has shared purpose and commitment.¹

It is hoped that the plan presented in this report begins to re-establish the conditions for the creation of healthy relations between the parties by ensuring that:

- the Board receives the same considerations as other Boards;
- burden of deficit reduction is shared among all constituencies of the Board;
- the views of all parties are heard and seen as legitimate; and

¹ The importance of these conditions for the creation of a healthy social fabric and the implications for the development of social policy are more fully developed in R. Breton, N.J. Hartmann, J.L. Lennards and P. Reed. (2004) *A Fragile Social Fabric? Fairness, Trust and Social Commitment in Canada*, Montreal: McGill-Queens University Press.

- processes and procedures are in place to ensure success.

The plan has attempted to balance the interest of all parties and address their major concerns. The Board, for example, is provided with additional time, more flexibility, increased transportation funding and involvement in setting future directions. The Ministry of Education is ensured that a balanced budget is achieved in a responsible fashion. Mitigation strategies have been developed to assist communities with altered transportation services. Employees are assured that any staffing changes will occur through attrition. And program supports for students are needs-based and outcomes focused.

To further enhance the conditions for re-establishing a vibrant social fabric, I am prepared to share the powers delegated to me by the Minister of Education by enabling the Board to make financial decisions where:

- such decisions are taken in accordance with the revised Board By-laws, and
- the structural and operating deficit reduction targets outlined in this plan are realized.

Decisions that are taken outside these parameters will be of no force or effect².

Where the Board does not approve a plan that meets the established deficit reduction targets by June 30th of each year, the proposals outlined in Appendix A will be implemented according to the plan provided by the Director during the annual budget development process.

To ensure that long-term financial stability remains the focus, Trustees may only suspend or alter by-laws with the consent of the Chairperson of the Co-Management Team.

The Chairperson of the Co-Management Team will remain in place to:

- monitor the implementation of the deficit reduction plan;
- assist in the development of implementation strategies;
- provide liaison with the Ministry of Education; and
- approve by-laws and consider requests to vary them.

² To ensure students, parents, employees and third parties can rely on the decisions taken by the Board, the Director of Education, Board Solicitor and Co-management Chair will certify each financial decision to have been taken in accordance with the revised Board By-laws.

A Concluding Observation

I appreciate that whenever changes are made to the manner in which programs and services are delivered, adjustment can be difficult. I also recognize that there will be those who believe they have been requested to carry an unfair share of the burden of establishing the conditions for a successful future. These concerns must be acknowledged and addressed with understanding and compassion as we move through the implementation phase.

It is my fervent hope that all parties will embrace the recommendations contained in this report so that the Dufferin-Peel Catholic DSB can continue to serve its students in a manner that provides for the best possible educational experience. As the Director of Education noted in his August 30, 2006 report to trustees,

“by exercising discipline today, the Board achieves flexibility in the future in order to ensure that it is able to deliver quality programs and services.”

Appendix A

Dufferin Peel Catholic District School Board Deficit Reduction Components

Item	2006-07	2007-08	2008-09
Structural Deficit	-\$14,100,000	-\$9,034,224	-\$2,433,057
Prior Year Deficit	-\$2,400,000	-\$3,868,235	-\$1,380,308
Permanent Reductions	\$2,680,776	\$6,601,168	\$5,731,071
Permanent Revenue	\$2,385,000		
Temporary Reductions	\$4,665,989	\$4,920,984	
Temporary Revenue	\$2,900,000		
Year-end Deficit/Surplus	-\$3,868,235	-\$1,380,308	\$1,917,707
Potential Savings			
Permanent Reductions 2007			
Assessment-Based Literacy Support	\$1,900,000		
Staggered School Hours	\$500,000		
Holy Name of Mary Transportation	\$500,000		
Staffing Efficiencies	\$3,000,000		
Secretarial Attrition	\$451,168		
Other Rerouting Efficiencies	\$100,000		
IB Program	\$150,000		
Total	\$6,601,168		
Temporary Reductions 2007			
Expenditure Controls	\$2,912,984		
Computer Freeze	\$400,000		
Maintenance Deferral	\$270,000		
Vacancy Management Program	\$938,000		
LTO Savings	\$400,000		
Total	\$4,920,984		
Permanent Reductions 2008			
SST Teachers	\$3,900,000		
Spec Ed Staffing Ratio	\$531,071		
JK/SK Alternate Day	\$1,300,000		
Total	\$5,731,071		