

INVESTIGATION REPORT

TO

THE MINISTER OF EDUCATION

PROVINCE OF ONTARIO

REGARDING THE

DUFFERIN-PEEL CATHOLIC DISTRICT

SCHOOL BOARD

APRIL 3, 2006

SUBMITTED BY

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INTRODUCTION

We have been asked by the Minister of Education to perform an investigation into the finances of the Dufferin-Peel Catholic District School Board (“DPCDSB” or “the Board”) as a result of the recent submission of the revised estimates for the 2005-2006 school year showing a projected deficit of \$ 15.1 million, and a reluctance to submit a deficit management plan.

The terms of reference for our investigation have been shared with the DPCDSB and are as follows:

1. Assess the Board’s financial position.
2. Review the financial management and program decisions already taken by the Board that influence the Board’s financial position in 2005-06.
3. Review the recommendations of board staff.
4. Assess whether implementation of the recommendations would result in a balanced budget.
5. Assess the extent to which the Board has pursued areas for potential savings.
6. Identify other areas of potential savings.
7. Provide recommendations for further courses of action.
8. Review the quality and timeliness of financial and management information.

We would like to thank the staff at the DPCDSB and at the Ministries of Education and Finance for their excellent cooperation with us during our investigation. We realize that we made many requests for information from both Board and Ministry staff and we appreciate the prompt and courteous responses we received from all parties. It was a pleasure for us to have met so many professional people, albeit under somewhat difficult circumstances.

A summary of our recommendations is listed in Appendix A.

OVERVIEW

The investigation was done “through the eyes” of two senior school board officials, each with decades of experience in dealing with the funding of education in Ontario and the pressures felt by school boards in trying to balance their expenditure budgets with the

revenue they receive from the Ministry of Education. We also understand that school boards want to do all they can to serve their students by providing the best programs and services possible and that the Ministry of Education is constrained in what revenue it can give school boards by the amount available to education in the provincial budget.

In this situation, we have a school board that, in our opinion, is providing an excellent level of service to its community and doing many great things for its students. The Board recognizes that it is spending more money than it gets from the government but is loath to reduce the level of programs and services it provides to its students because it believes its students deserve, at least, the present level of service provided. The Board, instead, blames its deficit situation on the Ministry of Education, claiming that the deficit is a result of chronic under-funding in the areas of teacher salaries, transportation, and special education, and, therefore that this part of the deficit is not the Board's responsibility.

The Ministry of Education maintains that there is sufficient money and sufficient flexibility in the system for boards to balance its budgets and maintain programs. As well, the Ministry has rightfully pointed out that this Board, as well as all other Ontario school boards, are benefiting from additional investments in education since the current government came to power. In addition to increasing benchmarks to account for inflation, there have been investments in lower class sizes in the primary grades, in Student Success initiatives, in special education, in English as a second language programs and in the Learning Opportunities Grant.

The Board could have balanced its budget had it begun to address the problem as soon as it became evident that expenditures were growing faster than revenue, but in so doing, would certainly have had to reduce or eliminate some of the programs and services that it was providing. The funding model forces boards to examine on a yearly basis, the programs and services they provide and make the necessary adjustments to balance their expenditures with their expected revenues. School boards across the province do this annually and do it exceedingly well, thus resulting in very few boards ending up in a deficit position. This Board has put in place some practices to achieve efficiencies, and

has reduced some programs and services. However, the level of reductions is not commensurate with the size of the deficit.

The Board insists that there are inherent adequacy issues with respect to certain aspects of the funding model. While this may be true, we must still examine more closely the Board's management of its expenditures.

The current funding model is an allocation model, and not an expenditure model. This means that the allocation model describes how money flows to the boards, and subject to the enveloping of some parts of the allocations, the boards are free to spend the allocations as they see fit. Boards are obligated, by s. 231 (2) of the Education Act to balance their budgets. Failure to do so results in consequences which are set out in Division D of Part IX of the Education Act. This Board projected an operating deficit of \$ 15.1 million for the fiscal year 2005-2006. This is the first year of an operating deficit. However, it must be noted that the budgets for 2003-2004 and 2004-2005 were balanced by the use of reserves. In effect, the Board has been in a deficit position, relative to its operating grants and expenditures, for three years.

We read all of the regular Board Meeting minutes, the In-Camera Meeting minutes, and the Administration and Finance Committee minutes from January 2005 to February 2006. It appears that senior staff never presented a deficit management plan for the school board trustees to approve, revise, or reject and the trustees never demanded that the staff present them with such a plan. The trustees were presented with a large document entitled "Service Reduction Impact Statements" in which a long list of possible budget reduction items were identified by supervisory officers along with some impact that these reductions would have on the operations of the Board. This document was clearly not in the form of a deficit management plan, but merely a resource document which could have served as a springboard to the development of a deficit management plan. In our opinion, the trustees should have voted on a deficit management plan, with the specifics of the expenditure reductions clearly spelled out and quantified for them. They would thus have known exactly what was required to

balance the budget before the Board submitted revised estimates which were in a deficit position.

The Board has been very persistent in pointing out the structural problems that it perceives with the funding model. These problems, according to the Board, have led to chronic under-funding in three specific areas: the funding of salaries, special education and transportation.

Regardless of the Board's position on the adequacy of the funding model, our findings, as they will be outlined in the rest of this report, are that the Board can and should prepare a deficit reduction plan, and return as quickly as possible to a balanced position.

Recommendation :

1. That the Board prepare a deficit reduction plan that would place its budget in a balanced position as quickly as possible.

EXPENDITURE PATTERNS IN RELATION TO REVENUE GROWTH

In 2002-03, the Board had a \$ 19.6 million operating reserve. Since then, Board revenues have increased by \$ 100 million, but expenditures have increased by \$ 137 million, which leaves the Board in a deficit position for 2005-06. One of the major contributors to the increase in expenditure levels is the added costs due to the 6.5 % salary increases given to teachers and other staff members; this will be discussed in more detail later in the report.

In 2005-06, the Board had \$ 37 million of additional revenue, but increased spending by \$ 41 million. The additional costs for salary increases as provided for in the provincial framework were fully funded in the Grants for Student Needs (GSN), yet the Board's additional expenditures outstrip its additional revenues by \$ 4 million, at a time when it knows that it is facing an operating deficit.

School board financial reporting requires a board to identify expenditures in 16 standard categories. School board revenue is mapped into these 16 categories for comparison and compliance purposes.

Ministry staff examined the expenditure growth by category in the board's 2005-06 revised estimates, relative to the growth in revenue by category, as follows:

Dufferin-Peel CDSB						
GSN and Budget Changes 2004-05 to 2005-06						
	GSN Increase		Budget Increase		Compare Budget to GSN	
	Variance \$	Variance %	Variance \$	Variance %	Exp > GSN Increase	Exp < GSN Increase
Classroom Teachers incl Prep Time	23,957,966	7.5%	29,182,802	8.6%	5,224,836	
Supply Teachers	71,344	0.8%	620,707	8.0%	549,363	
Teacher Assistants	1,329,712	4.7%	1,414,941	5.4%	85,229	
Textbooks/supplies	1,319,650	6.6%	2,289,062	15.8%	969,412	
Computers	213,599	4.5%	1,148,601	31.3%	935,002	
Prof./Paraprof./Tech.	1,153,242	6.8%	-645,227	-2.9%		-1,798,469
Library/Guidance	534,476	3.7%	994,357	6.7%	459,881	
Staff Development	287,126	16.2%	-1,436,054	-46.7%		-1,723,180
Department Heads	97,733	8.9%	105,261	8.7%	7,528	
Principals and VPs	1,046,220	3.9%	1,473,794	5.2%	427,574	
School Office	700,615	5.1%	1,823,368	10.8%	1,122,753	
Co-or. & Consult.	232,341	4.0%	603,303	12.3%	370,962	
Board Admin.	716,461	3.8%	-1,120,835	-4.5%		-1,837,296
School Oper./Maint.	4,158,543	6.4%	3,302,130	5.1%		-856,413
Continuing Ed.	404,763	4.6%	1,242,623	13.8%	837,860	
Transportation	919,493	6.1%	121,992	0.6%		-797,501
Flexibility					0	
Total operating	37,143,284	6.3%	41,120,825	6.8%	10,990,400	-7,012,859

As an overall comment, if the board had held its expenditure growth in 2005-06 to the level of revenue growth in all categories, its expenditure level would be \$ 4M lower. However, the board has held five of the sixteen expenditure categories to a rate of growth lower than the rate of growth of revenue, for a total variance of \$ 7M in these categories. Therefore, if the board had held expenditure growth in the remaining eleven categories to the growth in revenue, their expenditure level would be \$ 11M lower. This would have resulted in a deficit of only \$ 4M.

Classroom Teachers:

The growth in expenditure for classroom teachers was of particular concern to us, given its magnitude and makeup. The board is receiving additional funding in this area to recognize:

- enrolment growth
- increases in teachers' salaries (2% for 2005-06)
- recognition of grid movement of teachers
- investments in elementary specialist teachers
- investments in student success teachers
- investments in primary class size.

In total, the ministry provided funding for 193 new teachers to recognize these circumstances. Of these, 170 teachers were "mandated" in the sense that we would have expected to see the board hire this many teachers. The difference between 193 and 170 is explained by the 23 teachers attributable to the government's investments in elementary specialist teachers. The 2005-06 level of funding was intended to recognize a standard of 160 minutes of prep time for elementary teachers; however boards, such as DPCDSB, whose collective agreements already provided for that level of prep time were not required to hire additional teachers. Therefore, DPCDSB effectively received funding in 2005-06 for 23 teachers that were already in place in prior years.

The DPCDSB reported hiring only 146 new teachers. Within this total, the board reported hiring elementary prep teachers, even though they were provided with an exemption from doing so.

Given the gap in new teachers funded relative to new teachers hired, it appears to us that the growth in spending for classroom teachers should have been less than the \$ 24M increase in revenue in this area. The gap of 47 teachers funded but not hired suggests that expenditure growth should have been closer to \$ 19M than \$ 29M. This is consistent with the finding that there is a forecasting error in teacher salaries, which could be as high as \$ 10 million.

FINANCIAL MANAGEMENT

We have examined certain aspects of the financial management of the Board, particularly its budget setting process and its monitoring of expenditures.

It is to be expected that a Board of this size will encounter some variances between actual results and budgeted amounts. We have found, however, that there is what we consider an unusually large number of accounts that show significant variances between budgeted amounts and actual/forecasted results. This is particularly surprising since the first exercise to forecast results to year-end was done as of January 31, a scant two months after the revised estimates were filed.

Even more significantly, these variances extend to salaries and benefits budgets, particularly those of school based staff. This category of expenditure is by far the largest for the Board, and in a year in which all collective agreements are settled, should be relatively easy to predict. The revised estimates were filed as of the end of November; by that time, the number of teachers, principals, vice-principals and secretaries, as well as their salaries and benefits should have been known. By the end of January, when the first forecast to year-end results was made, these budget lines should have been predictable to very large degree. Yet, when we performed the forecast to year-end based on January 31 actual results, the budgetary lines for the seven families of schools appeared to be over-budgeted by \$ 11.4 million, \$ 10 million of which were in teachers' salaries and benefits. What we found intriguing was that two categories of teacher salaries—resource teachers and guidance teachers—had no year-to-date expenditures ascribed to them, but all other teacher budgets combined indicated that they would be balanced to year-end. We surmised that the two categories that had no expenditures ascribed to them represented a double-counting of the budget.

Board staff insisted that this was not so and that in fact the Board, as a matter of practice, adjusted these accounts, at year-end with a journal entry to transfer the expenditures to the appropriate accounts. The documents supplied to us indicated that these same expenditure categories had no actual expenditure ascribed to them in the previous year.

Board staff informed us that the documents in our possession were “old versions”; we have not seen a version where these expenditures have been transferred to the proper accounts. It is also not obvious why the Board would not choose to charge expenditures to its proper accounts as they unfold.

When we discussed the issue of over-budgeting in the families of schools budgets with Board staff, they acknowledged that the salary budgets would be in a surplus position at year-end, but disputed our \$ 10 million figure, despite the fact that the extrapolated expenditures to year-end were supplied by Board staff, as were the budgeted amounts. When pressed for a figure, staff would not commit to a firm projection, despite the fact that the school year was half over, that school based staff were all in place, and that salary levels were by and large fixed for the year. Staff informed us that their best estimate at this time was of a \$ 7 to \$ 8 million surplus in this area, but would not commit to this projection. The most conservative speculation we have seen still yielded an over-estimated expenditure in the order of \$ 4 million. Therefore, we can safely say that the original estimated deficit of \$ 15 million was in fact at most \$ 11 million, and perhaps as little as \$ 5 million.

Based on projections to year end from January 31 actual expenditures, we have found a substantial number of budget accounts which showed significant variances between budgeted amounts and actual/projected amounts. There were approximately \$ 17 million in positive variances which include the \$ 10 million variance in salaries, and \$ 12.5 million in negative variances, which indicate that the ending deficit should be lower than the original amount, by at least \$ 4.5 million, which is the difference between the positive and negative variances.

The Board conducted a second forecast of anticipated results for year-end based on February 28 actual results. The total projected positive and negative variances had declined substantially. We are confused as to why such wide fluctuations, in so little time, can happen without Board staff being able to predict these swings more accurately.

We thus conclude the following:

- The original deficit of \$ 15.1 million was overstated
- The partial hiring freeze on administrative staff was having an effect
- The Board's information systems, forecasting processes, and monitoring of expenditures should be strengthened
- The Board's ability or willingness to tightly control costs leaves much to be desired, as evidenced by the large number of negative variances.

Also, the revised budget allocations often do not reflect the actual expenditures as reported in the previous year's financial statements. In some cases, the anticipated variances in some accounts are very similar to the variances in the 2004-05 actual results. Examples of this are contained in Appendix B.

The Board is upgrading its current management information system, and Board staff are confident that budget control and forecasting will be made easier with the new system. The Board would improve the quality of its decision making if it would improve the accuracy, timeliness and transparency of its financial data. To the Board, we would recommend the following:

Recommendation :

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|--|
| <p>2. That the Board should undertake a thorough review, with outside help, of its planning and control processes, with particular attention being given to the industry's best practices.</p> |
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The following areas need to be addressed:

- Realistic forecasting for all budget lines
- More rigorous budget control
- Increased accountability for managers over-spending budget allocations
- Better communications between line managers and the finance department.

ESTIMATED DEFICIT AS OF AUG. 31, 2006

Before we can recommend a deficit elimination plan, the size of the problem to be corrected must be ascertained. The Board has predicted a \$ 15.1 million deficit in its revised estimates. However, some of the cost reduction measures that the Board has initiated were not reflected in the revised estimates. As well, as we were preparing to sign off on this report, the Ministry of Education has announced in-year adjustments to recognize the additional cost of fuel in the transportation area and for the high increases in the cost of utilities that all school boards have already incurred. This represents \$ 1.1 million for the Board, and this amount can be directly applied to the deficit.

It therefore seems clear to us that the projected deficit at the end of the year will be somewhat less than the \$ 15.1 million the Board projected in its revised estimates in December. While we can easily analyze the actual expenditures to date, it is difficult for outsiders to predict future spending patterns, as we do not intimately know the Board's operations. We must then rely on Board staff's projections, and as we have noted previously, these seem to be not as reliable as we would expect. Nevertheless, the following is our best estimate of the year-end deficit:

Deficit, as per revised estimates	\$ 15.1M
Improvement relative to revised estimates, based on Jan. 31 results (Refer to page 10)	\$(4.5)M
In-year Ministry adjustment for fuel/utilities	\$ (1.1)M
Revised deficit, forecasted to Aug. 31 2006	\$ 9.5M

It is to be noted that Board staff are still estimating a deficit of the order of \$ 12.5 million. The extent of the final deficit will in large part be dictated by the Board's willingness to tightly control expenditures, and by its willingness and ability to make the tough decisions to mitigate its situation. It must be noted that while the Board has instituted cost reduction measures, the revised budget cannot be described as an austere one. The estimated deficit described above assumes that the Board is intent on reducing its deficit to its smallest amount as possible, and is willing to "tighten its belt" in a significant way.

USE OF FLEXIBILITY FUNDS

The Ministry of Education provides an annual grant for flexibility. The amount that flows to each board is calculated in Data Form A.1 of the Ministry of Education revised estimates. In its simplest form, this grant is the greater of the flexibility amount for the previous year, or the local priority grant, which is \$ 200 per student. For 2005-06, the amount of flexibility funds available to the DPCDSB is \$ 21,815,275.

The Board may use these funds as it sees fit, regardless of enveloping considerations. Thus, these funds are the only way that a board may increase its non-classroom envelope, or its board administration envelope.

The Ministry has indicated that it feels that, given the Board's budgetary pressures, 100 % of the flexibility grants should be applied to the classroom teachers and preparation time envelope. If the board were to do that, the teacher envelope would still be in a deficit position by approximately \$ 3 million.

It must be noted, however, that at this time there is no regulation which would compel the Board to comply with Ministry wishes in this matter.

Appendix C outlines the areas to which the Board has applied flexible funds in 2005-06. The Board has thus spread out its flexible funds in 13 different budget areas, including 7 budget lines that were in a surplus position or that the amount applied was greater than that required to balance that line. A similar pattern of usage of these funds was found in the financial statements for 2004-05. This makes comprehension of the Board's spending patterns difficult. It tends to cloud which allocations are being over-spent, and gives no indication as to which of the Board's many local priorities are most important.

Based on its revised estimates for 2005-06, if the flexible funds are eliminated from the equation, the Board finds itself in a negative variance, that is that expenditures exceed allocations in a budget area, in the following budget lines:

Classroom teachers and prep time	27,967,523
Professionals and para-professionals	3,367,079
Library and guidance	999,524
Principals and vice-principals	1,691,154
School Office	2,952,847
Board Administration	3,930,787
Continuing Education	927,028
Transportation	5,060,787
Total	46,896,729

From this total, the current flexible amount of \$ 21,815,275 is subtracted, resulting in total negative variances of \$ 25,081,454, which must be recovered from budget lines that have positive variances. Obviously, if the board is predicting a \$ 15 million shortfall, this trade-off is not happening to its full extent. While boards are not obligated to strictly adhere to the allocations, the budget items where there are negative variances are good places to examine when considering cost reductions.

IN-YEAR MEASURES

As a prudent measure to ensure that the accumulated deficit is reduced to its lowest possible level, we would recommend that the Board immediately implement the following measures:

Recommendation :

3. That the Board prepare a rigorous projection of year-end results, ensuring that the Finance Department Staff are apprised of all developments in all areas of operations.
4. That the Board continue with the hiring freeze, but where possible make it more generalized by including all staff with the exception of classroom teachers, (saving for 2005-06 : \$ 2,000,000). **

5. That the continuing education budget be reduced to the total of allocations for continuing education and other revenues generated by this department (saving : \$ 930,000). **
6. That senior staff approve every single discretionary expenditure from now until the end of the year, with an eye to effect reductions (example : reduce all remaining, unspent, non-salary budgets by 33 %, and make exceptions only when absolutely necessary). Potential savings of \$ 2 million are non-recurrent.
7. That the Board defer some maintenance projects to such time as the Board's finances can accommodate them (saving : \$2,000,000).

(** The savings relating to these measures are already accounted for in the revised deficit as described above.)

When implementing the above recommendations the Board should note the following:

- With the regards to the hiring freeze and continuing education, these are recurrent savings, but are included in the amounts utilized to estimate the year-end deficit and therefore should not be double counted during 2005-06.
- With regards to tightly controlling expenditures and deferring maintenance projects, these are one-time savings. The implementation of these measures would reduce the estimated deficit to the \$ 5.5 million range, and thus reduce the need for larger reductions in subsequent years.

If strict measures are implemented, the final deficit could be as follows:

Revised deficit, forecasted to Aug. 31, 2006	\$ 9.5 M
Recommended deferrals of maintenance projects	\$(2.0) M
Recommended in year reductions to operation budgets	\$(2.0) M
Estimated final deficit, if strict measures are implemented in-year	\$ 5.5 M

DEFICIT REDUCTION PLAN

As part of our mandate, we are to recommend areas of cost reductions, or revenue increasing measures. It appears that the Board has maximized its eligible grants, and we will therefore concentrate on general areas for cost reductions.

We have invited the Board to participate with us in a collaborative effort to put together a deficit elimination plan. The Board has chosen not to accept our invitation, and has indicated that it would prefer to react to our report once it becomes known to them. While this is the Board's prerogative, we feel that its participation would have resulted in the best plan possible, as the Board's staff are better versed than we are in the Board's history, culture and operations. We therefore are presenting a list of cost reductions that is larger than the deficit that we are predicting. The Board may then choose among the measures that we are recommending to the extent necessary to balance its budget, or it may substitute reductions of its own in lieu of our recommendations. If, however, the actual deficit is in fact larger than we anticipate it to be, then the complete list of recommended reductions will have to be implemented, and the Board may not have the luxury of benefiting from attrition to effect the necessary reductions.

More often than not, cost reductions in school boards entail staff reductions, as school boards are very labour intensive. It is far better to achieve these cost reductions by way of attrition rather than by termination. Attrition is far less disruptive for staff, is better for morale, and does not require termination costs. We find it most unfortunate that the Board did not act in a more proactive manner as soon as 2003-04 when it was obvious that it was in a deficit position. The fact that it did not do so has allowed the normal attrition of three years of operation to pass by. It should be noted, however, that a partial hiring freeze has been in place since April 2005, and that the Board is now seeing some cost reductions from this initiative. That measure, however, is not commensurate with the size of the deficit.

As well, by not acting in a timely manner, the Board has missed the opportunity to "grow out" of part of its budget problems. Additional funds generated by the growth for 2003-

04, and 2004-05 could have been applied to the deficit once the mandated variable costs had been dealt with. As of 2005-06, growth is non-existent at the elementary panel, and an opportunity is now lost.

In all areas of cost reduction, the speed with which the measures are to be applied may be affected by collective agreement provisions. The complete effects of this have not always been factored in. We would suggest that the balanced position be achieved on a multi-year basis: the current year, plus 2006-07, and if need be, 2007-08.

In achieving a balanced budget, the board must reduce expenditures to meet two needs: the structural deficit, which is the recurring amount of the deficit, and the accumulated deficit, which is the amount of cumulative past deficits. Since the first two years of deficit were covered by reserves, the accumulated deficit, to be recovered as a one time charge, will be limited to this year's deficit, and whatever amount would not be covered by the end of 2006-07. It is thus important to eliminate as quickly as possible the structural deficit, so as to minimize the accumulated deficit to be recovered.

Estimated structural deficit for the 2006-07 school year:

Estimated deficit, year-end, after strict measures are implemented	\$ 5.5 M
Add: 2005-06 one-time reductions in operating budgets and deferred maintenance projects	\$ 4.0 M
Add: In-year grant adjustments for fuel/utilities	\$ 1.1 M
Deduct: 2004-05 deficit included in 2005-06 deficit	\$ (3.7) M
Add: Program Improvement Reserves utilized in 2005-06	\$ 4.2 M
Structural Deficit	\$ 11.1 M

The structural deficit for 2006-07 is estimated to be \$ 11.1 million, and that is the amount of deficit that the Board may expect to face in 2006-07 if all things remain equal. The accumulated deficit at year-end should be \$ 5.5 M, as the Program Improvement Reserves will no longer be available, the previous year's deficit has been fully absorbed,

and the in-year grant adjustments for fuel and utilities will not be available. Therefore, during 2006-07, the Board would have to introduce plans to effect savings that will cover the structural deficit, and recover the accumulated deficit.

Estimated savings required in 2006-07:

Estimated accumulated deficit as of Aug. 31, 2006	\$ 5.5 M
Add: Structural deficit for 2006-07	\$ 11.1 M
Savings required in 2006-07	\$ 16.6 M

The savings required to cover the accumulated deficit as of August 31, 2006 can be one-time measures; the Board may well wish to extend for another year the deferral of maintenance projects, and the reduction of operating budgets to cover the accumulated deficit. The savings required to finance the structural deficit must be recurring.

2006-07 MEASURES

Use of growth generated funds :

Board staff has projected an enrolment growth of 3 % at the secondary panel for 2006-07, which represents an increase of 944 students. We recommend that the Board only increase its expenditures for these additional students by the amounts that are absolutely necessary: teaching staff, classroom supplies/textbooks, transportation. The remainder should be applied to the deficit. As well, we are recommending that the average class size at the secondary panel be limited to 22. The Board staffed its secondary schools for 2005-06 at an average class size of 21.8. The Board had operated at an average class size in excess of 22 for a number of years, to the point that Ministry had withheld grants from the Board. Therefore, it should not be considered a hardship to return to an average class size of 22. The following figures assume an average class size of 22 for 2006-07.

Based on 2005-06 levels:

Additional revenue generated by secondary panel growth:	\$ 6.7 M
Additional teachers required for 22:1 class size:	(3.9) M
Additional allocation, textbooks/supplies (\$ 294/student)	(0.3) M
Additional allocation, transportation	(0.2) M
Savings	\$ 2.3 M

Recommendation :

8. That the Board utilize the discretionary portion of growth generated revenues to apply to the deficit, savings an estimated \$ 2.3 million for 2006-07.

Supply teaching:

The budget level for this expenditure seems to be higher than past experience would justify. We recommend that this budget be reduced by \$ 500,000.

Recommendation :

9. That the Board reduce its supply teaching budget by \$ 500,000 to more closely reflect historical needs .

Board administration:

The allocation for this function is a maximum amount that can only be increased by the use of flexibility funding. The Board is currently utilizing \$ 3.9 million of its flexibility funding to overspend its administration allocation. As outlined in Appendix D, the Board's administration allocation is overspent by 20 %. For all growth boards in the GTA, two other boards overspend their administration allocation by 7 % and 2 % respectively. Five other boards under-spend their administration allocations by 2 % to 17 %. We feel that a growth board of DPCDSB's size can or should generate economies of scale in the administration area. Since the Board's major growth period has passed, it is a good opportunity for it to re-assess its current and long-term needs in terms of

administrative support to the core business of education. Also, in a period of recurring deficits, the administration allocation should at worst be strictly adhered to. We therefore recommend that the Board reduce its spending on the board administration by \$ 3.9 million.

Recommendation :

10. That the Board reduce its spending on the board's administration to the level of its allocation for this function, saving \$3.9 million per year.

Principals and Vice-principals:

The Board currently employs 138 principals and 122 vice-principals. While these numbers are not out of line with enrolment levels, that particular envelope is overspent by \$ 1.7 million. The actual salaries paid to principals and vice-principals are considerably higher than the benchmark for this category of employees. While this is true for all boards, the gap in the Board's case is particularly high as its salary scales in this category are higher than those of most Ontario school boards. We recommend that the Board reduce its complement of vice-principals by a sufficient number to achieve a reduction of \$ 2,000,000. These reductions can be made on a temporary basis to help cover the accumulated deficit as of August 31, 2006.

Recommendation :

11. That the Board reduce its complement of vice-principals by \$ 2 million until such time as its finances allows it to return to current levels.

Coordinators and consultants:

The board employs 49.9 full-time equivalent (FTE) consultants. This is an increase of 7.9 FTE since 2002-03, or nearly 19 %. We therefore recommend that the Board return to its 2002-03 levels by eliminating 7.9 FTE positions until such time as its financial situation allows it to increase staff. The annual savings would be of the order of \$ 700,000.

Recommendation :

12. That the Board return to 2002-03 levels of staffing for coordinators and consultants until such time as its finances allows it to return to current levels, thus saving \$ 700,000 per year.

Plant operations:

Since the end of 2002-03, the total increase in custodial and maintenance staff has been 124 FTE, or 22.2 %. In the same period, total Gross Floor Area has increased by 111,438 square metres, or 15.4 %. Board staff had indicated to us that trustees had voted for this measure in response to complaints about the state of cleanliness of the schools. However, we have noted that the School Facility Survey Results for 2002 and 2003 indicated degrees of satisfaction of “good or better” of 94 % and 88 % respectively for overall cleanliness. While we have no doubt that additional staff in these areas can have a beneficial effect, we question whether this decision should have been made at a time when the Board was facing a structural deficit. We therefore recommend that custodial and maintenance staff be reduced to the 2002-03 levels, adjusted for increases in floor area of the schools. This will result in a reduction of 6.8 %, or \$ 2.6 million.

Recommendation :

13. That, with regards to custodial and maintenance staff, the Board return to 2002-03 staffing levels, adjusted for increases in floor area, thus saving \$ 2.6 million per year.

Reading Recovery:

Reading Recovery is a trademarked program designed so that specially trained teachers work one-to-one with students on early literacy skills. It is a supplement to classroom instruction and does not replace regular classroom work. Students usually work with the Reading Recovery teacher on a daily basis for a part of the school year.

We recommend reducing the costs of this program by combining a scaled-back Reading Recovery program with a less costly alternative program.

Reading Recovery is a very expensive program and there are less costly alternatives being used in school boards across Ontario. The Ministry of Education, which serves as a resource for all Ontario school boards, could assist the Board in identifying some of the alternatives.

The annual savings would be approximately \$ 1.9 million.

Recommendation :

14. That the Board reduce the cost of the present Reading Recovery program by \$ 1.9 million.

School secretaries and supplies:

This allocation is overspent by \$ 2.9 million. While the staffing levels do not appear excessive in relation to the number of students, we recommend that the Board reduce the budget for this envelope by \$ 636,000.

Recommendation :

15. That the Board reduce its expenditures on school secretaries and supplies by \$ 636,000 until such time as its finances allow it to return to current levels.

Note : See Appendix E for the summary of recommended budget adjustments.

FUNDING ISSUES

It has been previously noted that the Board has raised questions regarding the adequacy of the funding model, particularly with regards to the funding of salaries, transportation and special education. It has also raised concerns about the lack of clear guidelines relative to school closures. In the interest of fairness, we have taken the liberty to examine these issues.

FUNDING OF SALARIES

This Board has not been alone in advocating a review of the salary benchmarks contained within the funding model, as most Ontario boards have had to come to grips with this reality. To fully understand what has come to be known as the salary gap, one must review the evolution of the funding model since its inception.

In its first year (1998), the funding model's salary benchmarks for teachers and other employee groups were based on averages of actual salaries in place. While some boards were paying their employees more than the average, others were below, but variances were relatively minor. In the subsequent four years, salary benchmarks were increased only once, by 1.95 %. In that same period, boards negotiated with their employee groups, and market pressures were such that annual increases, averaging 2 % per year for 4 years, were granted. Those boards that resisted the market pressures faced work stoppages that would typically be resolved by an arbitration process that effectively confirmed market conditions. Thus, by the time the current government came to power, the salary gap was already in place. In his 2002 report, Dr. Rozanski recognized the salary gap, and recommended that it be bridged and that benchmarks be kept current in future years.

The salary gap has not widened for existing staff since the current government has come to power. The benchmarks have been updated yearly, and the government has further announced in advance the funding increases through to 2008. The salary gap currently sits at approximately 8.5 % in the case of teachers. The gap for other employee groups varies, as salary scales for these groups are not as uniform as those of teachers. Appendix F demonstrates the salary gap as calculated by the Board for its teachers for 2005-06.

The Ministry of Education introduced the Local Priority Amount for 2001-02 as a \$ 100 per student allocation that could be used for any purpose identified by the board as a local priority, regardless of other enveloping considerations. This grant was increased to \$ 200 per student the following year. This amount comprises the bulk of flexibility funds

available to Ontario school boards. At the time, many boards viewed this grant as a payment in lieu of benchmark increases for salaries. The Board maintains that the local priority grant can be applied to other budget lines inasmuch as it views such a use as more of a local priority than teachers' salaries. There is no regulation that forces school boards to apply the local priority grant against teacher salaries.

The Ministry has also said that there is sufficient money, and sufficient flexibility within the funding model to balance the Board's budget. While it is true that the Board should be able to balance its budget with the available funds, it cannot do so while maintaining the same levels of service that are now in place. As to the amount of flexibility, there are mixed messages in the Ministry's position. The school boards officials are told that there is a great deal of flexibility surrounding special purpose grants, yet they must report very specifically as to the use of those funds in the areas for which they have been allocated. Also, if boards were to use all or most of certain special purpose grants such as English as a Second Language (ESL) or Learning Opportunities Grant (LOG) to bridge the salary gaps, there would then be a gap between services in those areas and expectations of that specific clientele.

The salary gap is difficult to manage, however this problem is shared by all boards and is not particular to this board.

With respect to the salary gap, we recommend to the Minister:

Recommendation :

16. That the Minister move as quickly as government resources allow to narrow the salary gap for existing staff.
17. That, until the salary gap is eliminated, the permissible flexibility regarding the use of special purpose grants to fund the salary gap be clearly and officially started.

The Board's first signs of difficulty can be traced to the collective agreement reached in 2002-03 with its teaching staff that effectively increased maximum teaching salaries to \$

76,000. The full financial impact of that decision did not begin to materialize until the 2003-04 budget year. That salary increase represented an increase of about 6.5 %, even though the funding model benchmarks were substantially lower. While it would be easy in retrospect to criticize the Board's decision, some context needs to be provided. The following is a partial list of mitigating factors:

- The Board had had a history of labour strife in the previous few years.
- There was a province-wide push on the part of teacher unions to achieve a uniform salary grid
- Boards that had taken a hard line and that had their conflicts resolved by arbitration ended up paying market rates
- The Board's coterminous board had already agreed to such a salary grid.

While we fully comprehend the Board's motivation and reasoning for agreeing to such a collective agreement, we remain somewhat puzzled by the Board's lack of action in subsequent budgetary exercises to address this issue.

We have found no evidence that, when deciding to agree to the 2002-03 collective agreement, the Board had a plan to mitigate the effect of the new teacher costs on its operating budgets. The only elements of a plan seemed to be to use up the limited available reserves, and to advocate for additional funding from the Ministry of Education. While the Board has indicated to us that it believed that additional funding would be forthcoming, it has also indicated that no contingency plans were prepared in the event that such additional financing did not materialize.

To exacerbate the situation, the Board agreed to increase salary levels for all categories of employees by the identical increase of 6.5 % in 2003-04, citing fairness issues as its justification. Other boards did not follow suit; in fact, the average salary increase for non-teaching staff in other boards was 3 %. The Board had thus made a local decision that was very different than that of other boards, and one that would have long-lasting effects. That additional 3.5 % increase to non-teaching salaries represents an additional yearly cost of \$ 4.6 million. Again, there is no evidence that the Board had a plan to finance this cost, other than to use reserves and to petition the Minister for additional funds.

TRANSPORTATION

Transportation funding has been the subject of much discussion for many years, but a definitive solution has not been implemented as yet.

The Board has maintained that it is under-funded for transportation and has been since the inception of the funding model. The Board points to the funding per pupil as being below that of other boards as a definitive indicator that it is under-funded.

While it may be argued that funding per pupil is one indicator, the fact that transportation is a special purpose grant, which will vary from board to board according to real needs, will result in differences between boards. More telling is the fact that recent attempts at developing a transportation formula that is needs-based have indicated that this Board would see its funding increase under such a formula. This holds true for every version of the alternative formulae that we have seen. We, therefore, find that there is credence to the Board's position that it is under-funded in the transportation area. However, in the amount of time that was available to us, it was difficult to determine the extent of the under-funding. For the fiscal year 2004-2005, the Ministry had begun to phase in a new transportation formula that was the result of an extensive consultation process with stakeholders, and presumably is a better indicator of needs than the current formula. Under that model, the Board would have seen its funding increase by \$ 3 million. Either the 2004-2005 model or a new model should be used for 2006-2007. In either case, we are convinced that this would benefit the DPCDSB financially.

This Board has also maintained that it faces some challenges that are particular to the DPCDSB or, at least, to most high-growth boards. The largest of these challenges revolves around the transportation of students to schools other than those which will become their home schools once facilities are provided to accommodate growth. This drives costs upwards, as the holding schools for these students are quite often far removed from their homes, and, consequently, the riding time is so long that those buses cannot be used to do additional runs. The additional costs are, on average, in the order of

\$ 800,000 per year. The Board has requested permission from the Ministry in the past to consider those additional transportation costs as capital costs to be funded with capital money. While we can see some value to the argument that those costs could be considered capital costs, we also find some value to the countervailing argument. We are not prepared to recommend a change to the capital funding benchmarks to accommodate this. We would, however, recommend that any needs-based transportation formula recognize this reality for growth boards. As an interim measure, we can recommend that the board be temporarily allowed to pay those additional costs out of capital reserves, but only if the Board can demonstrate that it can do so without jeopardizing its future ability to meet its long term debt payments, or to meet its students' needs in terms of new facilities.

Notwithstanding the points raised in the revenue section regarding transportation, we feel that the Board needs to examine its transportation practices and policies in an effort to achieve maximum efficiencies thus releasing funds to apply to the deficit, and, once the deficit has been erased, to improve programs.

The two most obvious areas where transportation costs could be reduced are in noon-hour bussing costs and in the costs of bussing students to special purpose magnet schools. Noon-hour bussing is provided to junior kindergarten (JK) and senior kindergarten (SK) students to accommodate the current model of half-day, every-day program delivery at a cost of \$1.5 million. Currently, 54 boards of 72 in the province have eliminated the half-day program delivery model. Board staff could not provide any research indicating that there are pedagogical advantages to the current delivery model when compared to full-day, alternate day program delivery.

The Board has seen fit to provide transportation to all qualifying students to attend two special programs: the Holy Name of Mary Secondary School and St. Sophia Elementary School. While many boards offer special programs, transportation is not always provided. The additional cost to the Board of providing transportation to these schools is \$ 1 million.

The transportation consortium set up to serve both the Peel District School Board and the Dufferin-Peel Catholic District School Board appears to be working relatively well. However, an efficiency review of transportation services by the Ministry of Education should confirm this and we believe that both boards would benefit from such a review. We have reason to believe that the Ministry of Education would be prepared to conduct such a review, and that the Peel District School Board would be agreeable to it.

We make the following recommendations relative to transportation:

Recommendation :

18. That the Ministry implement a new transportation funding model that is based on needs, and that such needs include costs generated by the use of holding schools.
19. That the Ministry allow the DPCDSB to utilize part of its capital reserves to pay for the temporary transportation costs associated to holding schools inasmuch as:
 - a) The Board still wishes to do so
 - b) The use of capital reserves does not jeopardize the Board's ability to meet its long-term debt obligations
 - c) The use of capital reserves for these purposes does not jeopardize the Board's ability to meet its long-term debt obligations
 - d) The measure be considered a temporary solution until such time as the transportation funding model is changed or the Board has balanced its budget.
20. Change the present half-day, every-day model of program delivery for JK and SK students to a full-day, alternate-day model, as have a majority of Ontario school boards, thus eliminating noon-hour transportation.
21. Scale back or eliminate discretionary transportation to the regional magnet programs at Holy Name of Mary Secondary School and St. Sophia Elementary School.
22. That the Ministry conduct an efficiency review of the Peel/Dufferin-Peel consortium and that it fund the difference between the current transportation allocation and the true needs of the boards, as determined by the efficiency review.
23. The Board should make every attempt to get the necessary student data to the transportation department as early in the summer as possible. This would assist the transportation staff in getting their routes to the bus carriers in early- or mid-August

thus allowing the carriers to be better prepared for the student pick-ups when school begins. This may or may not save money, but it is a good practice to follow, as it allows some time to fine tune the original planning process and to possibly uncover additional efficiencies.

24. A review should be done to see if a reduction of staff in the transportation department is warranted.

SPECIAL EDUCATION

The DPCDSB claims that special education is contributing significantly to its projected deficit and that its needs are greater and somewhat different from other school boards across Ontario. We find no evidence to suggest that the needs of the DPCDSB are different from other Ontario school boards. In fact, the Board's prevalence rate for the Intensive Support Amount (ISA) files is slightly below the provincial average. All boards have unique circumstances and pressures impinging on their special education services, including the DPCDSB, but pressures and circumstances differ from board to board and the bottom line is that this board is not much different from most other school boards in Ontario.

We recognize, however, that all school boards in Ontario are struggling to meet the ever increasing demands for special education services and many boards choose to supplement their special education allotments from other areas of their budget. This is not a problem if the board's budget is balanced and it has made the supplemental investment by reducing expenditures in other areas to compensate for it. It is a problem, as with the DPCDSB, if funds are added to the special education budget without making the corresponding reductions elsewhere. Appendix G outlines the comparator school boards' comparison of special education expenditures and allocations.

We realize that society has looked at the schools to help solve many societal problems that really are health or social work related. Thus, school board budgets are paying for services like speech language pathologists, social workers, youth counsellors, etc. that really should be funded by Ministries other than the Ministry of Education. Until this situation changes, educators will continue to do everything that they can to fill in the missing gaps in serving their students, even though it puts an enormous strain on their budgets.

We noted that the Minister of Education has recognized that changes need to be made in the delivery of special education services and in 2005 set up a Stakeholders' Working Table on Special Education, co-chaired by Sheila Bennett and Kathleen Wynne. The chairs of the Working Table have already submitted a report to the Minister of Education. It is hoped that this new vision for special education will be implemented in the near future along with the appropriate funding for implementation and staff in-service.

We believe that the DPCDSB is doing an excellent job in serving the needs of its special education students and that its present budget is not really out of line compared to many other Ontario school boards. A change of accounting practices this past year, where a shift was made from reporting special education salaries based on average amounts of all teachers' salaries to using actual salary costs, increases the special education expenditures but decreases the expenditures in another part of the Board's budget. This does not create a new fiscal pressure for the Board and does not contribute additionally to the Board's overall deficit, but, it does make the shortfall in special education funding appear larger than it had been in previous years, without in fact changing anything else. As demonstrated in Appendix H, this accounts for an increase in the special education envelope of a little more than \$ 3 million.

One area of concern for us is the apparent lack of collaboration between the special education department and the transportation department. Since 25-30% of the total transportation costs are for special education students, it is imperative that these two departments collaborate more fully with one another so that, wherever possible, special

education programs are placed in schools with the least amount of bussing costs. We realize that space is at a premium in the DPCDSB schools and that reduces the flexibility as to where programs are placed, but, the collaboration to save transportation costs is a worthwhile practice to follow.

We make the following recommendation relative to special education:

Recommendation :

25. We recommend that a protocol be established between the Special Education Services Department and the Transportation Department to ensure that the two departments collaborate with one another so that, wherever possible, special education programs are placed in schools with the least amount of bussing costs.

While we are not recommending reductions in the special education area, we do note that the teaching assistants of the Board are employed for a 7 hour day. The majority of boards have reduced the workload of teaching assistants to 6 or 6½ hours per day. This does not reduce service to the children that these TA's serve, as the children are only in attendance for 5 hours per day. The Board may want to review this policy in view of future planning. As well, the Board may want to re-visit the staffing levels for services such as social workers or youth workers.

SCHOOL CLOSURES

The Board has mentioned to us that it has identified a number of schools that it would like to close in the next few years. The Board has not moved on closures to date because of the Ministry of Education's moratorium on school closures and continued uncertainty about the new requirements for school closures.

Although the new policy on school closures was announced in February, 2005, school boards have been anxiously waiting for the new closure guidelines to be formally released in order to begin rationalizing their operations and effect the accompanying savings.

We would recommend to the Ministry the following:

Recommendation :

26. The Ministry of Education should publish as soon as possible the guidelines under which school boards may close schools.

We did not include these potential savings in the budget elimination plan because of the uncertainty surrounding the timing of the publication of guidelines. Also, if as expected, the guidelines call for a rather extended period of consultation, the resulting savings would not be realized in a timely manner. The Board could proceed with the desired closings when all is in place, and thus restore some of the program and service reductions that they would implement to balance the budget.

CONCLUSION

At the outset of our investigation, we spent many hours discussing the issues with senior Board officials, as well as with the Chair and Vice-Chair of the Board. It was made very clear to us that a large part of the Board's frustration was due to its perception that its message to the Ministry of Education relative to inherent problems with the funding model was not being heard. Through our many discussions with senior officials of the Ministry, it has been made clear to us that the Ministry was well aware of the problems that boards were having with the funding model. The Board can thus rest assured that its messages were indeed heard.

The Board has gone through a prolonged period of growth in student enrolment, which brought with it particular challenges that the Board has successfully met. This period of growth also meant that revenues, including discretionary revenues, were growing at a fast pace. This availability of additional funds has made the business of managing the Board somewhat easier than for boards whose enrolments are stable or declining. With a slowing of growth, and in fact the disappearance of growth at the elementary panel, the Board has lost its capacity to solve problems by adding spending; it must now more aggressively manage those operational problems.

We find that the Board was right when it said that there are funding inadequacies in the areas of salaries and transportation. We also find that the Board should have made better efforts at managing the funding gaps. We find that the Minister of Education was right when he maintained that there was sufficient funding to balance the budget. However, balancing the budget in these circumstances will almost always result in a reduction of services provided by the school boards.

While there are funding issues, which according to the Board are unmanageable, it is difficult for us to ascertain the extent of the problems given the poor quality of forecasting information provided to us by Board staff. It is clear to us, however, that the problems were manageable, and in fact, could have been averted entirely had a more proactive approach been taken.

It is our hope that the Board will undertake as quickly as possible the necessary measures to balance its budget, and avoid future jeopardy of programs and services.

Finally, the Board, in its drive to provide the best possible education for its students, has put in place a very good array of programs and services. However, it is obvious that it cannot afford them all. We feel that the majority of the recommendations in the deficit reduction plan can be characterized as “being as far away as possible from the classroom” and that the students of the DPCDSB will continue to receive the excellent level of education for which this Board is known.



WILLIAM R. MCLEAN



PIERRE FILIATRAULT

APPENDIX A

Investigation of Dufferin-Peel Catholic District School Board List of Recommendations

- 1) That the Board prepare a deficit reduction plan that would place its budget in a balanced position as quickly as possible.
- 2) That the Board should undertake a thorough review, with outside help, of its planning and control processes, with particular attention being given to the industry's best practices.
- 3) That the Board prepare a rigorous projection of year-end results, ensuring that the Finance Department Staff are apprised of all developments in all areas of operations.
- 4) That the Board continue with the hiring freeze, but where possible make it more generalized by including all staff with the exception of classroom teachers. (saving for 2005-06 : \$ 2,000,000).
- 5) That the continuing education budget be reduced to the total of allocations for continuing education and other revenues generated by this department (saving : \$ 930,000).
- 6) That senior staff approve every single discretionary expenditure from now until the end of the year, with an eye to effect reductions (example : reduce all remaining, unspent, non-salary budgets by 33 %, and make exceptions only when absolutely necessary). Potential savings of \$ 2 million are non-recurrent.
- 7) That the Board defer some maintenance projects to such time as the Board's finances can accommodate them (saving: \$ 2,000,000).
- 8) That the Board utilize the discretionary portion of growth generated revenues to apply to the deficit, saving an estimated \$ 2.3 million for 2006-07.
- 9) That the Board reduce its supply teaching budget by \$ 500,000 to more closely reflect historical needs.
- 10) That the Board reduce its spending on the board's administration to the level of its allocation for this function, saving \$ 3.9 million per year.
- 11) That the Board reduce its complement of vice-principals by \$ 2 million until such time as its finances allows it to return to current levels.
- 12) That the Board return to 2002-03 levels of staffing for coordinators and consultants until such time as its finances allows it to return to current levels, thus saving \$ 700,000 per year.
- 13) That, with regards to custodial and maintenance staff, the Board return to 2002-03 staffing levels, adjusted for increases in floor area, thus saving \$ 2.6 million per year.
- 14) That the Board reduce the cost of the present Reading Recovery program by \$ 1.9 million.
- 15) That the Board reduce its expenditures on school secretaries and supplies by \$ 636,000 until such time as its finances allow it to return to current levels.

- 16) That the Minister move as quickly as government resources allow to narrow the salary gap for existing staff.
- 17) That, until the salary gap is eliminated, the permissible flexibility regarding the use of special purpose grants to fund the salary gap be clearly and officially stated.
- 18) That the Ministry implement a new transportation funding model that is based on needs, and that such needs include costs generated by the use of holding schools.
- 19) That the Ministry allow the DPCDSB to utilize part of its capital reserves to pay for the temporary transportation costs associated to holding schools inasmuch as:
 - a) The Board still wishes to do so
 - b) The use of capital reserves does not jeopardize the Board's ability to meet its long-term debt obligations
 - c) The use of capital reserves for these purposes does not jeopardize the Board's ability to meet its long-term debt obligations
 - d) The measure be considered a temporary solution until such time as the transportation funding model is changed or the Board has balanced its budget.
- 20) Change the present half-day, every-day model of program delivery for JK and SK students to a full-day, alternate-day model, as have a majority of Ontario school boards, thus eliminating noon-hour transportation.
- 21) Scale back or eliminate discretionary transportation to the regional magnet programs at Holy Name of Mary Secondary School and St. Sophia Elementary School.
- 22) That the Ministry conduct an efficiency review of the Peel/Dufferin-Peel consortium and that it fund the difference between the current transportation allocation and the true needs of the boards, as determined by the efficiency review.
- 23) The Board should make every attempt to get the necessary student data to the transportation department as early in the summer as possible. This would assist the transportation staff in getting their routes to the bus carriers in early- or mid-August thus allowing the carriers to be better prepared for the student pick-ups when school begins. This may or may not save money, but it is a good practice to follow, as it allows some time to fine tune the original planning process and to possibly uncover additional efficiencies.
- 24) A review should be done to see if a reduction of staff in the transportation department is warranted.
- 25) We recommend that a protocol be established between the Special Education Services Department and the Transportation Department to ensure that the two departments collaborate with one another so that, wherever possible, special education programs are placed in schools with the least amount of bussing costs.
- 26) The Ministry of Education should publish as soon as possible the guidelines under which school boards may close schools.

APPENDIX B

Dufferin-Peel Catholic District School Board Selected examples of recurring errors in budget setting

ICT Data Centre & File Serv. Op

Fiscal Period	2005 – 2006	2004 - 2005
Budget Allocated	\$61,720	\$61,420
Forecasted/Spent @ Jan 31	\$844,704	\$741,254
Variance	\$(782,984)	\$(679,834)

Plant Operation

Fiscal Period	2005 – 2006	2004 – 2005
Budget Allocated	\$38,428,486	\$34,121,819
Forecasted/Spent @ Jan 31	\$38,839,536	\$35,359,885
Variance	\$(411,050)	\$(1,238,066)

Transportation

Fiscal Period	2005 – 2006	2004 - 2005
Budget Allocated	\$20,037,005	\$17,921,552
Forecasted/Spent @ Jan 31	\$21,767,672	\$22,277,117
Variance	\$(1,730,667)	\$(4,355,565)

GST Expense/Rebate

Fiscal Period	2005 – 2006	2004 - 2005
Budget Allocated	\$1,350,000	\$1,350,000
Forecasted/Spent @ Jan 31	\$1,634,338	\$1,649,787
Variance	\$(284,338)	\$(299,787)

Salaries

Fiscal Period	2005 – 2006	2004 - 2005
Budget Allocated	\$454,030,201	\$428,789,262
Forecasted/Spent @ Jan 31	\$442,718,845	\$423,682,776
Variance	\$11,311,356	\$5,106,486

APPENDIX C

Dufferin-Peel Catholic District School Board Projected use of flexibility funds 2005-06 Revised Estimates

Budget area	Amount of flexibility funds	Comment
Classroom Teachers	5,525,143	
Supply teachers	102,073	Budgetary line already in surplus position
Textbooks and supplies	250,000	Budgetary line already in surplus position
Professional/Paraprofessionals	2,784,194	
Library and Guidance	1,491,344	More than required to balance
Staff Development	40,000	Budgetary line already in surplus position
Department Heads	40,000	
Sub-total, Classroom	10,232,754	
Principals and VP's	1,720,000	
School Office	3,400,000	More than required to balance
Board Administration	4,098,389	More than required to balance
School Operations/Maintenance	531,750	Budgetary line already in surplus position
Continuing Education	931,869	
Transportation	900,513	
Sub-total, Non-classroom	11,582,521	
Total	21,815,275	

APPENDIX D

**GTA growth boards
Board administration expenditure vs allocations
2005-06 Revised Estimates**

	Board Administration and Governance Total Allocation net of OMERS and flexibility amount	Board Administration and Governance Net expenditure	Over expenditure	Over. Exp. As % of Allocation
Dufferin-Peel Catholic	19,534,093.00	23,464,880.00	3,930,787	20.12%
Board A	6,296,815.00	6,739,323.00	442,508	7.03%
Board B	15,076,497.00	15,427,417.00	350,920	2.33%
Board C	11,663,190.00	11,424,190.00	-239,000	-2.05%
Board D	10,270,629.00	10,040,775.00	-229,854	-2.24%
Board E	30,863,756.00	28,880,192.00	-1,983,564	-6.43%
Board F	23,187,752.00	20,957,747.00	-2,230,005	-9.62%
Board G	5,927,575.00	4,879,395.00	-1,048,180	-17.68%

APPENDIX E

Dufferin-Peel Catholic District School Board Recommended budget adjustments

Budget area	Adjustment	Annual savings
Supply teaching	Reflect historical needs	500,000
Growth generated funds	Apply discretionary portion to deficit	2,300,000
Board administration	Reduce to allocation	3,900,000
Continuing Education	Operate on a cost recovery basis	930,000
Plant operations/maintenance	Return to 2002-03 levels, adjusted for increase in floor space	2,600,000
Principals and VPs	Reduce FTE of VPs	2,000,000
Coordinators/consultants	Return to 2002-03 levels	700,000
School secretaries and supplies	Reduction of school secretaries and supplies	636,000
Reading Recovery	Changing program delivery or level	1,900,000
Transportation**	Increase revenues or decrease expenditure, after efficiency review	2,500,000
Transportation	Noon-hour and magnet schools	2,500,000
Total		20,466,000

**Once noon-hour and magnet schools expenditure have been eliminated, this amount represents the remaining estimated over-expenditure for transportation, which should be eliminated by additional funding following the efficiency review, or by further reductions in levels of services.

APPENDIX F

**Dufferin-Peel Catholic District School Board
Classroom Teacher Funding and Cost
Estimates 2005-06, Adjusted for actual salaries**

	Elementary	Secondary	Total
DPCDSB Costs for Classroom Teachers & Prep time			
Teacher Average Salary & Benefits	74,475	75,903	
FTE funded by Foundation Grant, Teachers and prep. Time	2,404	1,703	
Total Salary & Benefits Cost, teachers	179,037,900	129,262,809	308,300,709

Funding for Classroom Teachers & Prep Time

Foundation Grant funding for Teacher Sal. & Benefits	151,458,141	107,279,598	
Q&E Grant Funding for Teacher Sal & Benefits	12,360,800	13,008,465	
Total Funding, Classroom & Prep. Time Teachers	163,818,941	120,288,063	284,107,004
Funding Shortfall	15,218,959	8,974,746	24,193,705

APPENDIX G

GTA growth boards Special education expenditures vs allocation 2005-06 Revised Estimates

DSB Name	Special education expenditure	Special education allocation	Over expenditure	Over. As % of Allocation
Board A	22,087,005	20,029,432	2,057,573	-10.27%
Dufferin-Peel Catholic	74,871,943	69,083,470	5,788,473	-8.38%
Board B	99,405,024	93,170,750	6,234,274	-6.69%
Board C	114,381,551	108,187,793	6,193,758	-5.73%
Board D	51,222,099	50,428,098	794,001	-1.57%
Board E	66,803,316	66,796,954	6,362	-0.01%
Board F	49,974,480	49,974,480	0	0.00%
Board G	22,646,237	22,646,237	0	0.00%

APPENDIX H

Dufferin-Peel Catholic District School Board Special education Impact of using board average salaries vs special education average salaries

	Elementary panel	Secondary panel	Total
Average salary, special education	74,190	76,647	
Average salary, other classroom teachers	66,806	70,194	
Difference	7,384	6,453	
# of teachers, special education	323	104	
Financial impact of accounting practice change	2,385,032	671,112	3,056,144

Data drawn from 2005-06 revised estimates

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