

BEHIND THE ISSUES: Ontario 2003

Funding for elementary and secondary education

This was supposed to be the year the Government solved the problem of elementary and secondary education funding that it had created with its new funding formula.

A sweeping report by former Guelph University President Mordechai Rozanski released in December 2002 concluded that the Government had allowed its formula funding to fall behind inflation and enrolment to the tune of \$1.4 billion, and recommended an additional \$700 million in funding as a first step towards correcting deficiencies in the formula.

In his conclusions about the funding formula, Rozanski effectively endorsed the claims of critics of the Government, that the erosion of elementary and secondary education funding was undermining the system.

The response was aggressive and substantial. In the first few days following the release of the report, the Premier and the Minister of Education announced over \$600 million in new funding. And over the next few months, the Government made announcement after announcement of funding for the school year 2003-4 linked to what it described as implementation of the Rozanski recommendations.

For all of the hype, however, there are plenty of signs that the elementary and secondary education system in Ontario is still in trouble. Students are returning to school this month to larger classes and reduced services. School boards across the province continue to impose cuts in programming. The lack of funding for community use of school facilities continues to play havoc with community organizations faced with crippling user charges. Three of the largest school boards in the province continue to operate under the direct control of the provincial government, imposing cuts to programs and facilities without any accountability to their communities. In Toronto, Hamilton

and Ottawa, school trustee candidates find themselves in the bizarre position of campaigning for a job that the provincial government will not permit them to do, if they are elected.

All of these problems can be traced directly back to funding. This begs the question: if the Government's response to the Rozanski recommendations solved the problem of education funding, why are all of these funding issues still with us?

The numbers say it's because the Government has not, in fact, solved the funding problem.

Whether you measure the Government's plans for education funding against the recommendations of the Rozanski Task Force, or whether you look at what has happened to education funding since the Harris Government was elected, taking into account enrolment changes and cost increases, the overall conclusion is the same. Even with the infusion of new cash in 2002-3 and 2003-4; even with the multi-year funding announced in the Magna-Budget in May; even taking into account the savings and enrolment decline resulting from the elimination of Grade 13, Ontario's elementary and education system faces a funding shortfall of at least \$1.5 billion annually.

Indeed, an analysis of the Government's May 2003 multi-year funding announcement shows that the Government's supposed "implementation" of the Rozanski recommendations over a three-year period will leave the system further behind changes in enrolment and costs in its last year of 2005-6 than it was when Rozanski was appointed in June 2002.

Looking at funding over a longer period of time, by 2005-6 the elementary and secondary education system will be \$1.8 billion behind where it was in 1994, when enrolment changes and cost increases are taken into account.

Rozanski's recommendations – a receding target

The fundamental point made by Rozanski in his report is that, if we are going to have elementary and secondary education funding driven by a comprehensive formula, that formula has to be kept up to date. While the funding announcements that came out immediately after Rozanski's report was released met the implementation schedule recommended in the report, the three-year forward funding announced in the budget falls far short.

Based on a forecast of future cost increases prepared using Rozanski's methodology, and assuming Rozanski's remaining recommendations are phased in over a three-year period, estimates of funding needs in each of the three school years 2003-4; 2004-5; and 2005-6 was prepared. The estimates reflect the schedule of implementation suggested by Rozanski, forecasts of inflation and salary increases, and the impact on costs of the elimination of Grade 13. Those estimates were compared with the budget's three-year funding announcement.

The results appear in Table 1.

In the first year, 2003-4, funding is \$645 million behind what would be required for implementation of Rozanski's recommendations. New funding in 2003-4 represents 62% of what would be required for full implementation. In 2004-5, the shortfall reaches just over \$1 billion. And by 2005-6, the shortfall in annual funding reaches \$1.5 billion – \$100 million higher than the amount of funding benchmark erosion identified by Rozanski in his report. Over the 3-year period, funding falls a total of \$3.15 billion short of the requirement for full implementation.

Long-term trends – a return to creeping cuts in funding

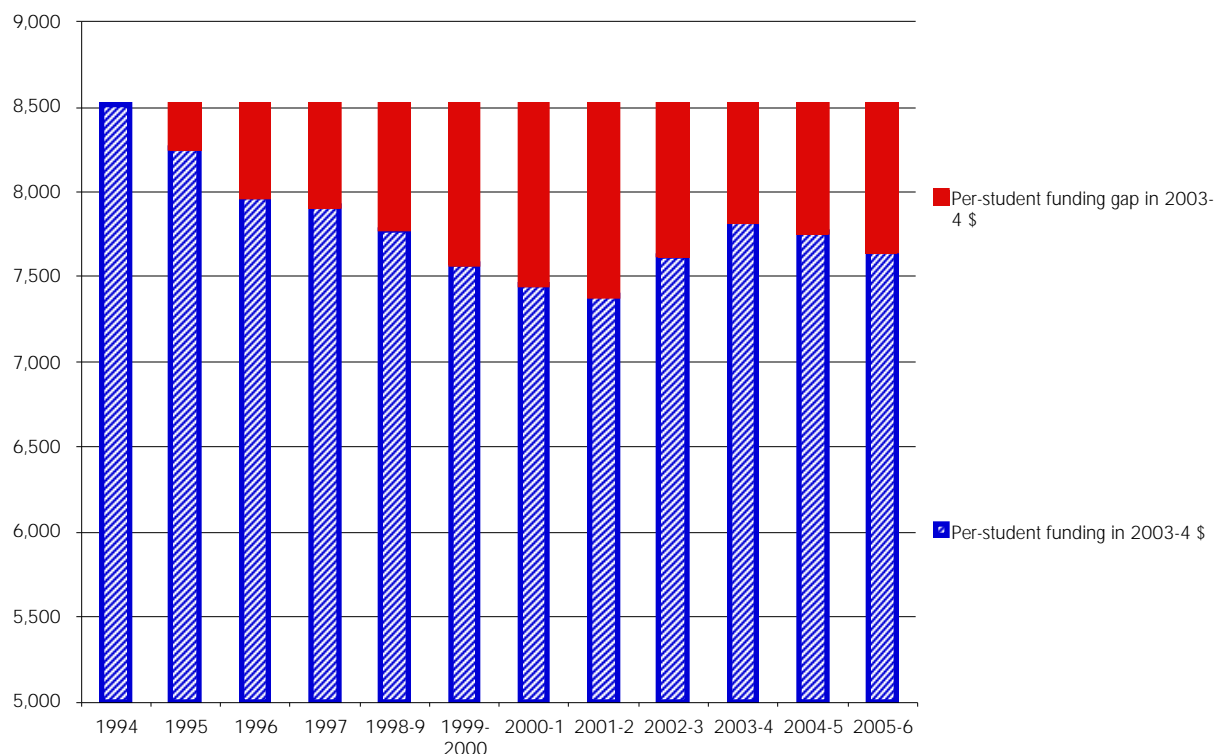
Government protestations notwithstanding, funding cuts have been the hallmark of the Conservative Government's education policy since it was returned to power in 1995.

Using 1994's funding levels as a base, our analysis shows that, after correcting for cost and enrolment changes, the Government's annual total funding commitment to elementary and second-

Table 1: Funding Required, \$million

	Rozanski		Financial Statement Promise \$ million	% of Rozanski	Shortfall \$ million	
2002-3 Pre-Rozanski Total	14,260	2002-3 General Legislative Grants plus Budget adjustments.	14,260	100%		
Special Education Allocation	205	Rozanski recommendation implemented December, 2002				
Salary & Benefits Allocation	340	Rozanski recommendation implemented December, 2002				
2002-3 after Rozanski / 2003-4 base	14,805		14,805	100%		
New Investments	484	Remainder of \$689 million in Rozanski new investments				
1997 to 2002-3 adjustment phase-in	370	1/3 of \$1.08 billion, adjusted to reflect projected costs to 2003-4				
Current cost adjustment	436	Cost of adjusting 2002-3 base for 2003-4 cost increases				
Enrolment decline savings	(150)	Net savings from enrolment decline resulting from elimination of Grade 13				
2003-4 TOTAL / 2004-5 base	15,945		15,300	62%	645	
Phase-in	381	1/3 of \$1.08 billion, adjusted to reflect projected costs to 2004-5				
Current cost adjustment	479	Cost of adjusting 2003-4 base for 2004-5 cost increases				
2004-5 TOTAL / 2005-6 base	16,805		15,800	61%	1,005	
Phase-in	392	1/3 of \$1.08 billion, adjusted to reflect projected costs to 2005-6				
Current cost adjustment	504	Cost of adjusting 2004-5 base for 2005-6 cost increases				
2005-6 TOTAL / 2006-7 base	17,702		16,200	56%	1,502	17732.99 6.2%
Total New Funding						
2002-3 -- Already Implemented	545					
2003-4	1,140		495		645	
2004-5	860		500		360	
2005-6	896		400		496	
3-year TOTAL	2,897		1,395		1,502	

Figure 1: Education Funding Per Student in Ontario: 1994 to 2005-6
Actual and shortfall from 1994, 2003-4 dollars



ary education projected for 2005-6 amounts to a cut in funding from 1994 levels of \$1.8 billion. The cumulative loss in funding for elementary and secondary education over the ten-year period will be \$15.5 billion.

By the end of the Government's claimed phase-in period for its response to Rozanski's recommendations, the cumulative amount of Harris-Eves era's under-investment in public education is over \$15 billion. In other words, in ten years under Harris and Eves, elementary and secondary students have been short-changed to the tune of a full year.

Measured on a per-student basis, after allowing for actual and projected cost increases, funding will be short by more than \$860 per student by 2005-6.

Figure 1 shows the evolution of funding per student in Ontario since 1994. The cross-hatched bars show each year's actual funding, adjusted to reflect 2003-4 education costs. The solid bars show the gap between actual funding and cost-adjusted 1994 funding again, in current dollars.

It is evident from the numbers that Rozanski's report and the Government's response to it has only temporarily reversed the long-term pattern of declining support for public education under the Harris and Eves Governments.

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