



THE CONSEQUENCES OF A NEOLIBERAL FUNDING FORMULA TIME TO TEAR IT UP AND START AGAIN

BY DAN CROW

Junior Kindergarten to Grade 12 education in Ontario is funded through the Grants for Student Needs (GSN) — more commonly known as the Funding Formula.

The Funding Formula consists of a variety of allocations, each of which has its own formula for determining how much money school boards will receive to educate students and maintain buildings. Some of the grants, like the Special Education Grant, must be used exclusively for the purposes set in regulations. Regulations for other grants, such as the Learning Opportunities Grant (which is intended to provide assistance to students at risk of lower academic achievement), allow boards greater flexibility in how the money is used.

The GSN is accompanied by a technical paper (of more than 150 pages) outlining the benchmarks, models, and formulae used to calculate the allocations that will go to school boards. However, the complexity of the GSN makes school board funding incredibly opaque, denying most people the ability to examine how funding is determined, much less the underlying values and goals that underpin how schools are funded—and why that funding is insufficient to meet students and staff needs.

At its core, the GSN is premised on a neoliberal model of cost containment that has not changed since its inception 20 years ago, and consequently has had a very real and negative effect on virtually every aspect of the learning environment.

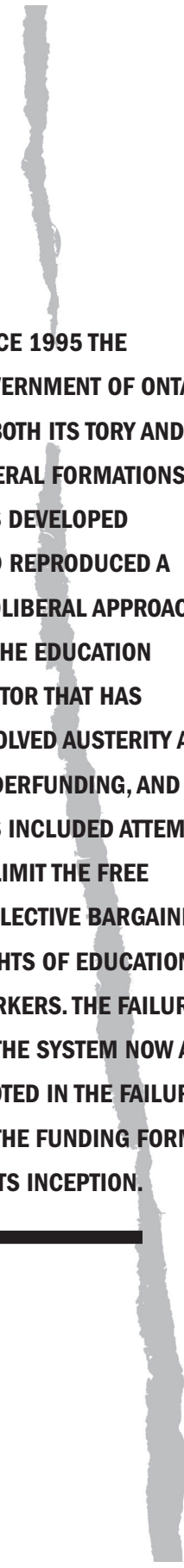
In 1997 the Mike Harris Progressive Conservative government restructured school board funding, removing it from a model based on local property taxes to one based on direct provincial funding. This move had the potential to create more equitable funding for all school boards, eliminating income disparities between affluent boards and those with a lower property tax base. That *potential*, however, was negated by the neoliberal underpinnings of the PC government's approach to education, which included fiscal restraint, attacks on education workers and their unions,¹ and a limited view of what public education should be, precisely because equality was not the goal of the new funding formula.

The new model of education funding was premised on a "back-to-basics" approach to public education, focusing on core skills of reading, writing, and math. Curriculum that fell outside of this basic approach would not be funded by the province.²

A hard-line neoliberal approach to the education sector included an assault on education workers' unions as a necessary component of shutting down dissent and disempowering organizations that had the power to challenge the drastic shift in direction in education policy.³ The model was premised on cost containment and predictability of government financial obligations. Premising funding primarily on enrollment helped achieve that goal as it removed from the calculations consideration of costs that are insensitive to enrollment changes.

When funding is tied primarily to enrollment, declining student numbers puts pressure on budgets for all staff positions (including office and library staff, maintenance and custodial workers, etc.) even though a minimum level of support is needed in schools regardless of enrollment levels. It was estimated at the time that the Harris government had cut more than \$2 billion from the education budget.⁴

Many people expected the election of the Dalton McGuinty Liberals in 2003 might have signaled a change in direction, especially considering McGuinty's professed desire to be known as the "Education Premier". Such expectations were bolstered by the Rozanski Report (2002) — the only review of the funding formula to date. Rozanski identified several problems with how education is funded, including arbitrary and low benchmarks, and proposed that the funding formula be reviewed regularly.⁵



SINCE 1995 THE GOVERNMENT OF ONTARIO, IN BOTH ITS TORY AND LIBERAL FORMATIONS, HAS DEVELOPED AND REPRODUCED A NEOLIBERAL APPROACH TO THE EDUCATION SECTOR THAT HAS INVOLVED AUSTERITY AND UNDERFUNDING, AND HAS INCLUDED ATTEMPTS TO LIMIT THE FREE COLLECTIVE BARGAINING RIGHTS OF EDUCATION WORKERS. THE FAILURES OF THE SYSTEM NOW ARE ROOTED IN THE FAILURES OF THE FUNDING FORMULA AT ITS INCEPTION.

Based on a desire for a different direction, and evidence that the existing formula is flawed, it was reasonable to expect change. Practically speaking, however, the Liberal government has presided over a consolidation of the Conservatives' neoliberal approach to education. Despite some modifications to funding, and the extension of full-day kindergarten, the funding formula, at its core, remains fundamentally unchanged.⁶ The underlying premise of cost containment through arbitrary and low benchmarks for funding, and the continued use of student enrollment numbers as the central driver of funding continue.

Much like the Tories before them, the Liberals — after a brief flirtation with stimulus spending after the 2008 global economic crisis⁷ — also engaged in curtailing trade union freedoms, limiting the right to collectively bargain and strike in 2012 through Bill 115, the so-called Putting Students First Act.⁸ The stated goal of the Bill was to get costs under control by imposing a wage freeze on education workers, and stripping provisions (such as sick leave banks) from their collective agreements.

Ultimately Bill 115 was repealed after McGuinty resigned as premier (and was replaced by Kathleen Wynne), but the damage had already been done as collective agreements with education worker and teacher unions contained provisions that were broadly similar to the template that the government imposed.

The point to be made here is not that the PC and Liberal governments are equally "bad" in terms of their treatment of education workers and school board funding. Such an assessment is beyond the scope of this article. Rather, the point is that since 1995 the government of Ontario, in both its Tory and Liberal formations, has developed and reproduced a neoliberal approach to the education sector that has involved austerity and underfunding, and has included attempts to limit the free collective bargaining rights of education workers. The failures of the system now are rooted in the failures of the funding formula at its inception.

To be fair to the current government, there has been an increase in GSN funding of approximately \$8.6 billion since the Liberals took office in 2003. This translates to a real increase of 23.4% as of 2017.⁹ While a not-insubstantial sum of money, it did not completely cover the costs of new programs,

like full-day kindergarten (fully implemented by 2014-15).

Because the basic model of the 1997 funding formula has not been fundamentally changed and there continues to be insufficient funding for programs and infrastructure, the new money can only be understood in the broader context. Had the Liberals reversed the Harris era cuts by immediately increasing education funding by the \$2 billion the Tories had cut, the additional funds the Liberals *did* add since 2003 would only account for a 9.1% increase in real terms. Moreover, the benchmark funding for many of the allocations in the GSN are much lower than the actual needs of school boards. This makes the funding shortfall for new programs even more significant, and clearly underscores how the neoliberal trajectory of education funding established by the previous government was not going to be reversed.

The fallout is tangible and far-reaching:

- Deficiencies in funding allocated to school boards includes special education, which is not funded based on actual needs of boards, but instead on a predictive model based on demographic indicators.
- There is no building standard used in the assessment of the physical quality of schools, which at least in part accounts for why, according to the Auditor General, the government allocates insufficient money to cover basic maintenance needs.
- Benchmarks for funding staff are standardized, and do not reflect the actual costs of providing services. For example, the government provides \$1,669.97 per early learning student in 2015, but the program costs the TDSB \$2,066.97,¹⁰ leaving some boards underfunded for early childhood educators.
- Insufficient funding for transportation puts a strain on parents and students. Boards are not funded for the real cost of transportation (which would also include funding for total distances traveled, and fuel costs).¹¹

It is common for people to focus primarily, or even exclusively, on teacher-student relationships as the barometer of the quality of education. But the problems with the GSN are responsible for

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deficiencies in *all* aspects of public education, including in-class and broader school supports. Underfunding of building maintenance and custodial services, office and library staff, education assistants, early childhood educators, professional and paraprofessional staff, and others, negatively affects students' ability to get the highest quality education. Fixing these problems is key to improving education outcomes and student experiences' in the system, which also necessitates fixing the funding formula.

A closer look at some of the funded areas will help develop an understanding of how underfunding affects the system on the ground. Comments will be restricted to building maintenance and direct supports to students through special education, psychological services, and behavioural supports, and specific examples of the direct impacts on work and learning environments.

BUILDINGS/INFRASTRUCTURE

The Auditor General of Ontario has estimated that maintenance of the physical infrastructure of schools costs \$1.4 billion per year (as of 2015) and, as more than 50% of schools in Ontario are at least 40 years old, the cost of maintaining buildings will only grow.¹² Already, the accumulated deferred maintenance deficit is more than \$15 billion.¹³ Despite this need, the government only spent between \$150 million and \$500 million on school maintenance from 2011 to 2015.

It should be noted that the repair backlog is likely greater than \$15 billion because the province uses a physical assessment that is "limited to a visual inspection, and rarely involves any destructive or intrusive testing to make a better determination of the state of the building component."¹⁴ In fact, there is no standard for assessing building quality, meaning that there is actually no way of knowing, using current practices, how much work needs to be done over and above the repairs needed to fix deficiencies, let alone to reach an acceptable basic level of building quality.

To be fair to the current government, the 2017-18 GSN did increase funding for school maintenance to \$1.4 billion, \$200 million of which is intended to be used on environmental upgrades. This is a laudable goal, and allocating funding to reduce the environmental impact of schools is important. However, deducting this money leaves only \$1.2 billion, which is short of

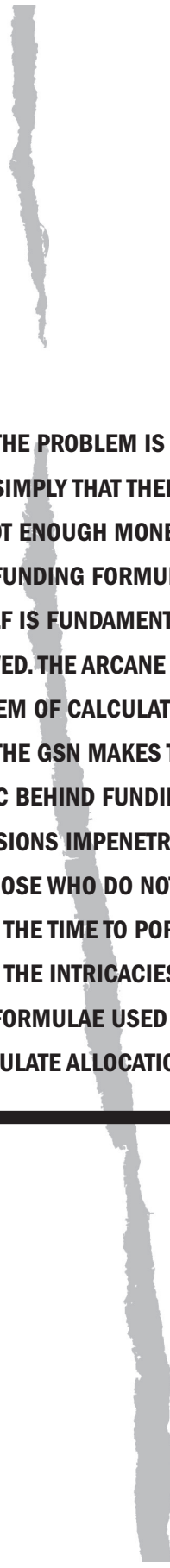
what the Auditor General stated was necessary to properly maintain schools in 2015, and does not account for inflation or further deterioration due to aging buildings. Nor did the government make an allocation to address the existing deferred maintenance backlog. Ongoing failure to properly fund this need means that the more than \$15 billion in deferred maintenance will continue to grow.

Students' learning environments are directly impacted by the underfunding of maintenance. Schools regularly face temporary shutdowns, or loss of use of space in schools due to failing infrastructure. It is not uncommon to hear stories of water main breaks that lead to school flooding and a loss of potable water in school,¹⁵ or a lack of adequate heating or cooling.¹⁶ Only 29% of schools in TDSB have air conditioning (and this is not unique to the TDSB), making many classrooms unpleasant and unproductive environments during the heat waves that are becoming more common and occurring later in the year. Poorly maintained buildings are a health and safety risk for students and staff, and are hardly an ideal learning environment.

DIRECT SUPPORTS TO STUDENTS

Funding for classroom staff is insufficient to hire enough education assistants (EAs), early childhood educators (ECEs), and professional and paraprofessional staff¹⁷ to meet student needs. Ultimately this has a deleterious effect on the individual students who rely on these services. But understaffing in these areas also harms students who are not directly utilizing these services because classroom staff are stretched to the limit trying to address all student needs. A socially just education system is one that allows all students to learn in the same environment, and participate fully in all classroom activities. Achieving this goal requires the acknowledgement that students have a variety of different needs, and a commitment to provide necessary resources to meet them.

Special education funding is used to cover the cost of hiring EAs for classrooms, as well as to provide assessments of student need. The Special Education Grant is broken down into a per-pupil amount, designed to provide baseline funding based on average daily enrollment, and an allocation based on demographic factors that is essentially a predictive model. It is not based on actual needs reported by boards. Ultimately



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this has meant that school boards' needs are greater than the funding that they receive. In fact, the majority of school boards report that they spend more on special education than they receive for it through the GSN.¹⁸ This does not mean that boards spend an adequate amount on special education, merely that they *spend more than the allocation*. The result of such decisions is that money originally allotted for other purposes is diverted, leading to shortfalls elsewhere in board budgets.

Underfunding in special education creates many problems. In its annual survey, People for Education (2015) found that approximately 44,000 students are on waiting lists for Identification, Placement, and Review Committee (IPRC) meetings, or for special needs services.¹⁹ IPRC meetings are the tool used to determine what services students in need of special education require, and the failure to provide access to these meetings denies students' their right to an accessible education. Some families can pay for assessments, but this kind of queue-jumping disadvantages students from lower income families, and is antithetical to universal and equal public education. The same study found that there is a lack of staff for the delivery of special education, so even those who get access to the system through the IPRC meeting might still not have their needs fully met.

In addition, the 2017 People for Education survey found that "61% of elementary schools and 50% of secondary schools report they do not have sufficient access to a psychologist to adequately support students. 47% of elementary and 36% of secondary schools report that child and youth worker services are not available."²⁰ The problem of insufficient funding is exacerbated by the fact that the money for these services is not "enveloped", meaning that it can be used for other purposes if school boards so decide. The result is that students who need mental health services, or who need help with behavioural problems or a personal crisis are left without professional assistance. Other school staff are then left to fill the gaps to the best of their ability while still trying to do their primary job of providing other services for students.

CONCLUSION

Underfunding harms all job classifications in the school system, and that harm extends

directly and indirectly to students. Resources and staffing levels are not set high enough to meet the actual student and infrastructural needs. More money would certainly help remedy this situation.

But the problem is not simply that there is not enough money. The funding formula itself is fundamentally flawed. The arcane system of calculations for the GSN makes the logic behind funding decisions impenetrable to those who do not have the time to pore over the intricacies of the formulae used to calculate allocations. Without clarity on how funding is calculated it becomes all too easy to hide the inadequacies and underlying intent of the GSN and, consequently, there can be no real accountability.

This leads to the next essential problem with the funding formula: it has values baked into it that are not necessarily the values we would want to have underpinning a high quality, socially just, inclusive, and dynamic education system. As it stands, the current formula is premised on cost containment, the cousin of austerity. It does not fund based on actual need, but rather on average costs (benchmarks) and predictive modeling, and lacks any standards for outcomes (e.g. in building maintenance).

It is time for a complete restructuring of the education funding formula. The current model does not meet needs of students, staff, or communities. Hugh Mackenzie suggests that “Rather than provide funding on an arbitrary, top-down basis, foundation funding should be based on an assessment of what people expect to find in a properly functioning school. Funding would then be driven by the cost of providing that standard of service in real-world school facilities.”²¹

Some costs cannot be subdivided based on a student headcount: administrative costs (principal, VP, secretary and other office staff), library, custodial, to some extent EAs and ECEs are needed on a per-school or per-classroom basis, not purely on a per-student basis. As Mackenzie notes, “the formula fails to take into account the fact that many central services provided by school boards to support the learning environment do not vary in response to changes in enrollment at all.”²²

A progressive funding formula would abandon the narrow focus on education adopted in the Harris years, and incorporate guaranteed funding for arts, physical education, field trips, and programs to meet local needs and enrich the education of all students. Funding should be built from the ground up, based on the actual needs of schools. It must be sensitive to real drivers of the costs of education, and to differences of geography and demographics. To a significant degree, it would be driven by calculations made at the school board level.

There is no question that a model predicated on full funding as opposed to austerity might be difficult for the government to accept. However, this would be the most effective way of identifying the real needs of schools, and meeting the real needs of students. ●

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ENDNOTES

1. For a more detailed analysis of the neoliberal underpinnings of the Mike Harris government see Diana Ralph, Andre Regimbald, and Neree St-Amand (editors), *Open for Business/Closed to People: Mike Harris's Ontario*, Fernwood, 1997.
2. Hugh Mackenzie, *Harris-era Hangovers*, CCPA, February 2015.
3. Leo Pantich and Donald Swartz *Assault on Trade Union Freedoms* 3rd ed., Garamond Press, 2003; Andy Hanson, “Classroom Struggle: Teachers’ Unions, Collective Bargaining and Neoliberal Education Reform”, in Larry Savage and Stephanie Ross (editors), *Public Sector Unions in the Age of Austerity*, Fernwood, 2013.
4. Ontario Federation of Labour, *The Privatization of Ontario's Education System 1995-2001, OFL Education is a Right Task Force Report on Publicly Funded Education in Ontario*, 2002, available at <http://ofl.ca/wp-content/uploads/2002.01.01-Report-EducationPrivatization.pdf>.
5. Mordechai Rozanski, *Investing in Public Education: Advancing the Goal of Continuous Improvement in Student Learning and Achievement*, Report of the Education Equality Task Force, 2002, available at <http://www.edu.gov.on.ca/eng/document/reports/task02/complete.pdf>.
6. Hugh Mackenzie, *Harris-era Hangovers*, CCPA, February 2015.
7. Tim Fowler, “Neoliberalism, Capitalist Crisis, and Continuing Austerity in the Ontario State”, in Tim Fowler (editor), *From Crisis to Austerity: Neoliberalism, Organized Labour, and the Canadian State*, Red Quill Books, 2013. It is also important to note that there were actual cuts to GSN actual spending in 2012-13 (almost \$18 million), and 2013-14 (almost \$200 million).
8. Bill 115 required unions in the education sector to include in their collective agreements a two-year wage freeze, elimination of sick-leave credits, the elimination of post-retirement benefits, and the imposition of unpaid days off. It also severely limited the right to strike, giving the government the power to order an end to any job action without passing additional legislation. Unions challenged Bill 115 in court, and in 2016 it was found to have violated education workers’ constitutional rights to freedom of association.
9. Calculations based on total GSN funding. For a summary of GSN funding from 2002-03 to present see Government of Ontario, Ministry of Education, *Grants for Student Needs Projections for the 2017-18 School Year*, available at http://www.edu.gov.on.ca/eng/funding/1718/2017_18_gsn_school_board_projections_en.pdf.
10. Hugh Mackenzie, *Harris-era Hangovers*, CCPA, February 2015.
11. Office of the Auditor General of Ontario, *Annual Report 2015*, available at http://www.auditor.on.ca/en/content/annualreports/arreports/en15/2015AR_en_final.pdf.
12. Office of the Auditor General, *Annual Report 2015*.
13. Kaylee Lambert, “Ontario Schools Need An Estimated \$15 Billion in Repairs”, *Huffington Post*, June 30, 2016.
14. Fix Our Schools, “If you believe your child’s school is in good shape ... you may be surprised”, November 9, 2015, <http://fixourschools.ca/2015/11/09/if-you-believe-your-childs-school-is-in-good-shape-you-may-be-surprised/>
15. Julie Kotsis, “MPP calls on government to fund deferred maintenance projects at area schools”, *Windsor Star*, February 24, 2016.
16. Kaylee Lambert, “Ontario Schools Need An Estimated \$15 Billion in Repairs”, *Huffington Post*, June 30, 2016.
17. Professional and paraprofessional jobs include Child and Youth Workers, speech services, and psychological services, among other classifications.
18. People for Education, “Special Education (excerpt from the 2015 annual report)”, <http://www.peopleforeducation.ca/wp-content/uploads/2015/07/special-education-2015.pdf>; People for Education, “Special Education (excerpt from the 2016 annual report)”, <http://www.peopleforeducation.ca/wp-content/uploads/2016/06/P4E-special-education-2016.pdf>;
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21. Hugh Mackenzie, *Harris-era Hangovers*, CCPA, February 2015.
22. Hugh Mackenzie, *Harris-era Hangovers*, CCPA, February 2015.