

Financial Orientation for Trustees

Questions and Answers

1. What is “fiduciary responsibility?” Please provide examples of when that responsibility is not fulfilled.

Under the *Education Act*, school board trustees have fiduciary responsibility over the board’s funding and are expected to act at all times in the interest of the board.

Information on fiduciary duty can be found on the Chartered Professional Accountants (CPA) Canada website (link below). This guide states: “Directors of not-for-profit organizations have various duties and responsibilities. The most fundamental of these responsibilities is the duty of directors to act in the best interests of the organization they serve at all times, even at the expense of their own self-interest. This is known as fiduciary duty. The term “fiduciary” is a legal term intended to refer to a person who, because of the position they hold, has a responsibility to act primarily for another’s benefit.”

<https://www.cpacanada.ca/en/business-and-accounting-resources/strategy-risk-and-governance/not-for-profit-governance/publications/questions-about-not-for-profit-fiduciary-duty>

2. When will training for audit committees be scheduled?

Audit committee training sessions are expected to take place in the early New Year, with most taking place in late January/February. These regionally-based sessions are currently being arranged by the eight regional internal audit host boards. If you have not already been provided with the date and location of the training session (or sessions) in your region, this will be communicated to you shortly.

Education Funding

3. How is information relayed to school boards or Ministry of Education regarding the demographic impact of local developments (e.g., 407 pushing east)?

On an annual basis, each board provides the ministry with their demographic forecast going out a number of years. The ministry reviews this information and also layers on the Stats Canada information, as well as information from the Ministry of Finance, down to the Census district. We make predictions for the next four or five years. For example, the 407-pushing- east is going to be a longer term project, as it is expected to reach Highway 115/35 by 2020.

4. Is a multi-year perspective only possible with multi-year funding?

Boards can develop a multi-year perspective based on the existing benchmarks in the GSN, which are transparent and clear. Boards can devise a status quo budget where

they would forecast their own enrolment to provide the multi-year perspective. Since revenues are unknown, boards may wish to devise alternative budgets, based on different levels of revenue.

5. Have any new contracts been reached in the province for the teachers?

No new contracts have been reached at this time. Under the new *School Boards Collective Bargaining Act*, the trustees' associations are the bargaining agencies for the school boards. They and the government and the different unions are at the nine central negotiating tables. The first step is to decide what is to be negotiated centrally and what is to be negotiated by the local parties. Once that is decided, issues bargaining can commence at a central table. Trustees can contact their respective Trustees' Associations to learn the status of negotiations.

6. Is there truth to the rumour that \$500 million will be removed from education in the coming year?

The government is looking for new approaches to continue to deliver key priorities within current fiscal realities. Through the fall, we had consultations with all 72 school boards as well as trustee associations, student groups, parent groups, principals, vice-principals, teacher federations, CUPE and other education workers' unions. In terms of planning, any organization should always plan for contingencies, and in terms of prudent planning, one should always plan for 1 to 2 per cent change in revenue structure. This is considered part of good planning for any organization.

7. Does every board have a different ratio of funding through the foundation grants, as shown on page 22 of the presentation?

Every school board has a different percentage of their total funding, which is from special purpose grants versus foundation grants. The ratios vary depending on whether the board generated funding through special purpose grants.

8. The Conseil scolaire Viamonde covers 158 municipalities. Do we receive funding from each of them (assuming there are rights holders everywhere)?

Yes, if the rights holders choose to support the public French-language school board.

9. What does "strengthening accountability" mean?

The ministry introduced changes in 2014-15 to strengthen accountability on the use of school renewal funding. To protect school renewal funding for use on capital expenditures, a threshold on the amount of school renewal funding that can be spent on operating renewal activity has been introduced.

This measure ensures that most of the current renewal spending on capital, as well as the increased renewal funding available to boards through the integration of full-day

kindergarten in the GSN, and the introduction of School Condition Improvement funding in 2014-15 will be protected for capital purposes.

Capital

10. Where can I find information on the new accommodation review procedures?

The Ministry of Education is planning to release the draft procedure and guidelines early in 2015.

11. Have school boards been consulted on the Pupil Accommodation Review Guidelines (PARG)?

The ministry's Capital Advisory Committee – comprising 15 school board representatives from boards across Ontario – worked closely with Ministry of Education staff to propose revised guidelines. The ministry consulted with the four school board trustee associations, the Association of Municipalities of Ontario, and the City of Toronto and received feedback on the guidelines. For details on these consultations, please contact your school board trustees' association.

12. When will the Pupil Accommodation Review Guidelines be released?

By early 2015, the ministry is planning to release the draft procedure and guidelines that reflect some of the feedback in terms of making the process less cumbersome for boards as well as having a differentiated process.

13. Is it possible to see a copy of the Pupil Accommodation Review Guidelines that are being consulted on currently?

The current Pupil Accommodation Review Guidelines can be found on the Ministry of Education website using the following link:

<http://www.edu.gov.on.ca/eng/policyfunding/reviewGuide09.pdf>

14. Is there a limited amount of School Condition Improvement funding each year?

For 2014-15, \$250 million has been allocated through the School Condition Improvement program. For 2015-16 and 2016-17, SCI funding will be increased to \$500 million per year.

15. How were benchmarks developed in the Capital Priorities program?

The ministry's benchmarks for capital construction, including new schools, additions, and retrofits, reflect a number of factors including area per pupil in elementary/secondary schools, and the costs of construction in different locations throughout Ontario. In 2010, the ministry's Expert Panel on Capital Standards reviewed the ministry's capital benchmarks and other factors which impact a board's ability to build a quality school. The Expert Panel conducted surveys to collect data on cost benchmarks such as the gross floor area, enrolment, and elementary/secondary rooms

in recent school construction projects. Variable benchmarks were revised for future new school construction based on the Expert Panel recommendations.

To reflect the cost of construction in different geographic locations throughout Ontario, for 2014-15, the ministry increased the elementary and secondary new construction cost benchmarks by 4 percent to \$178.51/ft² (\$1,921.46/m²) and \$194.74/ft² (\$2,096.16/m²). This increase will apply to all new project approvals, including those approved under the 2013–14 Capital Priorities funding program.

16. How is it equitable to have a maximum of 8 business cases for capital no matter the size of the school board?

This is the maximum number that can be accepted from each board, but boards do not have to submit eight. These business cases must also comply with the timing requirements. The ministry considers capital requirements within three years, for both elementary and secondary schools.

17. When can a board expect a funding decision for a proposed major renovation?

The ministry makes every effort to make decisions within three months of the timeline that boards have to submit projects, presuming the business case contains all the necessary information to enable the ministry to conduct a complete analysis of the request.

18. Why is renewal funding not proportional to the size of the board?

School boards are provided with funding to address their renewal needs in two forms, both of which are proportional to the size of the board. The School Renewal Allocation is largely allocated according to the number of students and pupil places in the board. The School Condition Improvement funding is allocated according to the number of schools in the board.

19. How do we assure adequate learning environments and program opportunities in crowded schools? In areas where we know we'll run out of pupil places?

On an annual basis, the ministry invites school boards to submit their most urgent capital requests, including those intended to address local accommodation pressures, where enrolment is projected to persistently exceed capacity at a school or within a group of schools. The ministry will continue the Capital Priorities program to support Ontario school boards in addressing their local accommodation needs.