



REPORT TO

**CORPORATE SERVICES, STRATEGIC
PLANNING AND PROPERTY
COMMITTEE**

**PROVINCIAL AUDITOR’S 2015 REPORT –
STUDENT TRANSPORTATION**

“Do not neglect to do good and to share what you have, for such sacrifices are pleasing to God.” Hebrews 13:16

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INFORMATION REPORT

Vision:

At Toronto Catholic we transform the world through witness, faith, innovation and action.

Mission:

The Toronto Catholic District School Board is an inclusive learning community rooted in the love of Christ. We educate students to grow in grace and knowledge and to lead lives of faith, hope and charity



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A. EXECUTIVE SUMMARY

Transportation funding is provided to Ontario school boards through a Ministry of Education grant. Students in Toronto are provided with transportation by the Toronto Student Transportation Group (TSTG), a consortium involving both the Toronto Catholic District School Board (TCDSB) and the Toronto District School Board (TDSB). Since the inception of TSTG in 2003, the TCDSB has operated a cumulative transportation budget deficit of approximately \$44 million whereas the TDSB has operated a cumulative transportation budget deficit of approximately \$8.4 million. As a result, the TCDSB has had to traditionally provide a greater subsidy than that of the TDSB in order to balance its transportation budget. The large discrepancy between the two respective budgets is a result of the inequities entrenched within the current Provincial transportation funding model as identified in the Provincial Auditor's Report for 2015.

B. BACKGROUND

1. Funding constraints in the mid 1990's resulted in a need for the realization of savings for school boards. At the time, transportation was one of the areas this could be achieved. The TCDSB undertook significant transportation reform and adopted new technologies with a focus on route optimization and reduction in the number of required busses. The implementation of a computerized routing solution and integration of TCDSB and the former North York Board of Education special education routes resulted in the removal of 100 busses from the road for a savings of over \$3.2 million. Following amalgamation in 1998, the remaining Toronto boroughs were systematically introduced into the combined routing solution resulting in the further removal of 38 buses.
2. In 1998, the funding formula for transportation was frozen, meaning boards were now allocated what they spent on transportation during that fiscal year on a go forward basis. This negatively impacted the TCDSB and other schools boards that had recently undertaken transportation reform as their budgets were frozen in a state of deficit. In the years since the freeze was imposed, boards have experienced significant cost increases beyond the adjustments provided by the transportation allocation. Boards that undertook transportation reform prior to the freeze also had relatively less opportunity to further realize savings as their expenses had already been rationalized.

Since the TDSB had not undertaken any significant reform measures prior to the freeze, its budget was frozen in a position of surplus, lending further credence to the inequities within the transportation funding model.

3. In 2006 the Ministry mandated the formation of transportation consortiums between coterminous school boards in an effort to realize transportation efficiencies through economies of scale. At the time the Ministry did not set any benchmarks with regard to savings and efficiencies and has not since undertaken any sort of comprehensive analysis on the matter. With the creation of transportation consortiums, the Ministry began using 'Effectiveness and Efficiency' (E&E) reviews by third party consultants as its sole mechanism to address transportation funding pressures.
4. The TCDSB and TDSB transportation units received their first E&E review in December 2010. Overall, the consortium scored a 'moderate' rating which resulted in the TCDSB receiving an additional \$1.5 million in transportation budget funding. The consortium was also given a series of recommendations to implement which would allow it to achieve a possible 'high' rating on a subsequent review. In response to the recommendations, the TSTG submitted 4 briefs intended to clarify the operational and financial challenges that the TCDSB faces on a daily basis as a result of the unfair, inadequate and unequitable funding formula that is currently in place.
5. One significant challenge faced by the TCDSB is the E&E review recommendation for policy harmonization with the TDSB. As outlined in the chart below, policy harmonization with the TDSB will significantly decrease TCDSB transportation service levels and will also impact the greatest amount of students despite an anticipated budget savings of approximately \$2M. Moving to the Provincial average will cost the TCDSB approximately \$4M as the TCDSB would be required to increase its service levels.

Policy Harmonization	Policy/Standard Removed or Amended	Policy/Standard Added	TCDSB <u>Cost/Savings</u>	Students Impacted
To TDSB	Elementary EXC Secondary EXC Eastern Rite Walk Policy Bell Time Stratification	French Immersion Gifted Secondary Walk Policy	\$1.96M	19,854
To Lowest of Both TDSB and TCDSB	Elementary EXC Secondary EXC Eastern Rite Walk Policy Bell Time Stratification	-	\$4.95M	16,851
To Provincial Average	Elementary EXC Secondary EXC Eastern Rite Walk Policy Bell Time Stratification	French Immersion Secondary Walk Policy 30min AM Window 20min PM Window	<u>\$3.96M</u>	19,297

Table 1 - Data obtained from the TSTG (2014)

6. The current allocations for transportation funding for both the TCDSB and TDSB does not represent a fair and equitable distribution of grants in two respects.
7. Firstly, the freeze imposed on school boards was arbitrary and unfair in its application as more efficient boards have been punished and less efficient boards have been rewarded. Therefore it cannot be said that the transportation funding model operates, as per legislation, “on a fair and equitable basis” or that it provides “equality of educational opportunity” or, that it operates “in a fair and non-discriminatory manner”.
8. Second, the current and future transportation funding model will lead to inequitable access to schools. Transportation is about ensuring that the children of ratepayers have reasonable access to attend schools within the system of their choice whether it be Catholic, French or Public. It was found that inappropriately harmonized walk distances will further penalize Catholic and French school boards as their population densities are relatively lower than English public boards. As the TCDSB has fewer schools serving the same geographic area as the TDSB, its school attendance boundaries are larger by comparison. This directly translates into a greater need for transportation service in order to remain accessible and competitive with the public school system.

9. In 2013 the TSTG received a letter from the Ministry informing that a second E&E review was not forthcoming and that the practice was likely to be discontinued, effectively giving the TCDSB no means to address its growing transportation budget deficit. To date, approximately half of all consortiums in Ontario have benefitted from a second E&E review, further bringing into question the inequities with the current funding model.
10. In June 2015 the TSTG applied to the Ministry with a request for a follow-up E&E review. This request has since been denied.
11. The office of the Auditor General of Ontario recently completed an audit of student transportation services in Ontario with the TSTG being one of three consortiums selected for review along with the Ministry of Education (MOE) and Ministry of Transportation (MTO).
12. The final report of the Auditor General found that funding for student transportation at the Ministry level is not currently based on need and that transportation grants to school boards do not necessarily have to be spent on transportation. This has created a situation where some Board's enjoy surpluses which they can spend as they see fit leaving other Boards to find funding elsewhere from within their budgets to make up the balance of their respective transportation deficits. At the TSTG this has led to the TDSB being able to offer fully funded French immersion bussing in addition to regular home to school transportation, as the TCDSB has had to fund a transportation deficit while only offering regular home to school transportation.
13. In some cases the Ministry has historically provided adjustments to the transportation grant due to increases in enrolment. The Auditor General's report found this practice to be flawed as this does not represent the primary factor influencing a Board's transportation costs or need. More often than not a decrease in enrolment leading to school closures can cause transportation costs to rise as students need to be transported from farther away to attend the next closest school. Furthermore, the Ministry has neglected to account for local factors such as; enrolment density, geography, availability of public transit, number of students with special needs and/or hazards such as busy streets or highways, within the current funding formula.
14. Over the past decade the Ministry has provided targeted funding for specific initiatives such as safety programs and wage enhancements for drivers but has not verified that these funds were spent on the intended purpose.

15. In recognition of the manifest inequities inherent to the current transportation funding formula, the Auditor General made the following recommendation (#11): *After implementing standardized eligibility criteria, we recommend that the Ministry of Education (Ministry) should revisit its current funding formula. The formula needs to reflect school boards' local transportation needs based on the number of eligible riders and consortia utilization of buses, and taking into consideration factors such as geography, availability of public transit and the number of students needing transportation services (due to distance, special needs, special programs or road hazards); and implement an updated funding formula ensuring that any targeted funding for specific initiatives is spent for the purposes intended. A summary of all recommendations made by the Auditor General can be found attached as Appendix 'A'*

C. CONCLUDING STATEMENT

This report is for the consideration of the Board.