

**Ministry of Education**  
School Business Support Branch  
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Toronto ON M7A 1L2

**Ministère de l'Éducation**  
Direction du soutien aux activités scolaires  
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900, rue Bay  
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**2009: SB 40**

**MEMORANDUM TO:** Directors of Education

**FROM:** Cheri Hayward  
Director  
School Business Support Branch

**DATE:** October 2, 2009

**SUBJECT:** Student Transportation Funding

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I am writing to provide you with a reminder of the changes to transportation funding initially announced through the Grants for Student Needs (GSN) in 2009-10 and the implications on Student Transportation funding over the next 3 years. I encourage all boards and consortia to carefully consider these funding implications in transportation and the impact on budgeting in the years ahead.

As indicated in our **Memorandum 2009: SB18 – Student Transportation – Grants for Student Needs, 2009-10**, dated May 4, 2009, we are projecting an increase of 1.6 per cent in the Student Transportation Grant at a total of \$829.1 million in 2009-10. This enhanced funding reflects the Government's commitment for the ongoing reform of student transportation to ensure safe, effective and efficient services across the province. As we are witnessing encouraging progress made through the reform initiatives, the Ministry has introduced changes in this year's allocation of the Student Transportation Grant to further strengthen our financial accountability and promote efficiencies.

### **Cost Updates**

While the Ministry will continue to provide a 2 per cent cost update to assist boards with increased operating costs for student transportation in 2009-10 school year, this increase will be netted against any reported transportation surplus from a board's 2008-09 Financial Statements. We anticipate that with increased capacity, boards are able to cover cost increases within their existing surplus in their transportation allocation. However, the Ministry is still projecting a net increase of \$10.7M in 2009-10 to fund for cost updates.

### **Routing Efficiency Adjustment**

The government is setting a goal of an annual **1 per cent routing reduction** for boards that have less than a "high" Routing and Technology rating through the E&E reviews of their transportation consortia **in each of the next three years**.

Boards and consortia whose systems have not achieved a “high” rating in Routing and Technology from the E&E reviews will be subject to a 1 per cent reduction each year to their transportation allocation for three consecutive years beginning in 2009-10 School Year. Until boards achieve a "high" rating in future reviews, the board will be exempt from the reduction in the subsequent year. For example, if a consortium reviewed in the 2009-10 school year attains a “high” rating in routing and technology component, they will be exempt from further adjustment in 2010-11 and 2011-12. We strongly encourage boards to continue efforts to realize efficiencies through ongoing routing optimization and technology use.

### **Fuel Escalator and De-escalator Component**

As communicated in Memorandum SB: 18 of May 4, 2009, a fuel escalator/de-escalator will be incorporated into the Transportation Grant.

To ensure that there is a full understanding of the design of fuel escalator/de-escalator clauses, the Ministry has made three presentations to school board officials and transportation staff over the last few months on the mechanics of the clauses in the Transportation Grant and provide advice on some considerations that school boards shall take in preparing their 2009-10 budgeting. Ministry staff has also walked through a sandbox developed to assist school boards in their fuel escalator/de-escalator calculation. The sandbox has been posted at the transportation website at <https://transport.edu.gov.on.ca/defaults.asp>

Beginning in early October 2009, the Ministry will communicate the current fuel prices for the previous month obtained from the Ministry of Energy and Infrastructure at the transportation website. Please check with the website for updates.

Ministry staff has monitored the posted September fuel prices to date, based on the Southern Ontario Average diesel rate of \$0.894 (\$0.851 net of GST) and \$0.915 (\$0.871 net of GST) for Northern Ontario. This will trigger a negative adjustment of - \$400K in September 2009. Assuming this price level continues for the entire school year, the Student Transportation Grant will be reduced by \$4 million for fuel de-escalation. This is about -0.5% of a board’s transportation allocation. It is important that boards should take into consideration the potential funding changes due to the escalation/de-escalation clause in monitoring their 2009-10 transportation budget.

### **Enrolment Adjustment**

For the 2009-10 school year, the Ministry continues to make no negative adjustments to boards experiencing declining enrolment. To provide time for any planning adjustment, the Ministry has notified the sector in our 2009-10 GSN announcements that beginning in 2010-11, the Ministry will reduce this support by 50%. As an example, if a board's enrolment decreases by 5 per cent, its allocation will be reduced by 2.5 per cent instead. Boards anticipating declining enrolment in the 2010-11 and subsequent school years should consider making any necessary planning adjustments for this change. This approach to declining enrolment protection follows seven consecutive years of stable funding for declining enrolment boards.

If you have any questions or comments regarding the 2009-10 GSN or student transportation reforms, please contact Sandy Chan, Manager, Transportation and Cooperative Services Unit at (416) 325-2464, or [sandy.chan@ontario.ca](mailto:sandy.chan@ontario.ca).

Our success in the ongoing reform of student transportation reflects our shared commitment to making the best use of resources to provide efficient services. I look forward to continuing our collaboration in the provision of safe, effective and efficient transportation for our students.

A handwritten signature in black ink that reads "Cheri Hayward". The signature is written in a cursive, flowing style.

Cheri Hayward  
Director  
School Business Support Branch

Cc: Superintendents of Business  
Transportation Managers