

Grant Thornton LLP
Chartered Accountants
Management Consultants
Canadian Member of
Grant Thornton International

Grant Thornton 

**Review of Specific Requests
Relating to Inclusive Education
in New Brunswick
November 30, 2005**

P.O. Box 1054
Fourth Floor, Barker House
570 Queen Street
Fredericton, NB E3B 5C2
T (506) 458-8200
F (506) 453-7029
E fredericton@grantthornton.ca
W www.GrantThornton.ca

Canadian Member of Grant Thornton International

Background Research

We were asked to assess the background research and provide a short analysis.

The background research includes Thomas B. Parrish's, *Funding Special Education*. This book is based on the U.S. as little work has been conducted on this topic in Canada. Due to the differences between Canada and the U.S., the majority of the studies outlined in the book are not relevant in Canada. However, the book is able to provide some background on the different types of funding models available. Our analysis follows.

The funding model currently used in New Brunswick is Census funding. Our review of the funding for the Anglophone and Francophone sectors indicated they are relatively similar but we did identify a few differences. Both sectors utilize a line budget style which sets out the funding formula for the various areas of school operations. The primary difference is with respect to special needs students, for the Anglophone sector the budget provides \$445 per student and these funds are restricted to special needs programs. The funds are required to cover all staffing costs and specialized equipment. The Francophone sector, on the other hand, does not have a global budget relating to special needs, the budget breaks the costs down between TA's, l'adaptation scolaire, etc.

We understand New Brunswick is the only province in Canada that utilizes a purely census based approach, and does not appear to have a separate manner of funding the needs of the students with the most severe disabilities. We recognize there are benefits associated with this approach such as the administrative simplicity and the fact that students are not labeled which can lead to isolation. We would however see as a downfall to this approach, that it does not take into account the particular needs of specific individuals or specific regions. This could result in the either over funding/under funding of certain regions. We would anticipate regions not having sufficient funding would be forced to place more emphasis and resources on the high incidence disabilities and the quality of service provided to low incidence disabilities would likely be negatively affected.

Census based funding assumes that the number of students and the resources required to assist these students is consistent across local school districts. This is not likely the case and studies done in this area appear to support the fact there is considerable potential for variation. The costs associated with assisting special needs students can vary considerably based on the disability. The less severe disabilities such as learning disabled or speech impaired are the least expensive, however they do account for a large number of the disabled population. We expect costs and resources required to care for these students would tend to be fairly consistent for each student. We would also expect, the costs associated with the more severe disabilities would be significantly higher and could tend to fluctuate greatly based on the specific circumstances. In New Brunswick, we expect this has resulted in the over/under funding of

certain districts which causes varying levels of service from district to district. This has likely resulted in increased pressure from parents and advocacy groups to increase the level of services offered.

Our review indicated there are other funding models available such as categorical funding. We would see the primary benefit of categorical funding as allowing the allocation of funds to respond to specific needs of students or districts. We recognize this method also has some shortfalls such as requiring a more precise identification and requiring more complex administrative work to operate. It may also limit local administration and allocation of resources and it might result in the overstatement of needs when applying for money which will result in increased program costs.

We are aware criteria has been established to evaluate special education funding models, however no single model can meet all the criteria or needs. The criteria identified need to be understandable, equitable, adequate, predictable, flexible, identification neutral, reasonable reporting burden, fiscal accountability, cost based, cost control, placement neutral, outcome accountability, connection to general education funding, and political acceptability. We recognize the ability to meet some of these criteria may restrict the ability to meet another criteria.

Based on the above analysis it is apparent that there are pros and cons to the different funding models. A number of provinces are moving toward a hybrid approach. This allows them to consider financing based on enrollment as well as need. Needs can originate from the student, school or district and consists of such things as the individuals needs, programs for at risk students, prevention and early intervention. Some suggestions that were provided to rectify the issues or concerns with the current model in New Brunswick were to set-up a contingency fund and allow districts to apply for additional funding if they had used up their budget, or to have a separate fund available to cover the high cost items especially the items that would not encourage over-identification or increased diagnosis. We would have concerns with a contingency fund approach unless there were specific guidelines around access to these funds.

We believe there are advantages to moving towards a hybrid style funding system. There will be issues and concerns but the outcome should provide for a fairer and more transparent system.

Directed Inquiry

We were also asked to prepare a breakdown of the funding frameworks and mechanisms, provide comparisons and any recommendations. We attempted to review provinces somewhat similar to New Brunswick and accordingly considered Newfoundland, Nova Scotia, Saskatchewan and Manitoba in our review.

Newfoundland:

Newfoundland uses a hybrid approach which is a combination of the census and categorical methods. All students are counted for classroom teacher allocation, then for non-categorical special education teacher allocation. Students with severe needs are counted again for the specific categorical special education services. In order to receive categorical funding, it is necessary to submit an application to the Department of Education for approval.

The allocation of non-categorical special education teachers is on a per pupil basis of 7 teachers per every 1000 students. The non-categorical special education teachers serve all children who have identified needs. This would include such things as cognitive delay, physical disabilities, learning disabilities, deaf or hard of hearing, blind or visually impaired, health/neurological disorders, emotional/behaviour disorders, speech language delays or disorders, exceptional ability, and development delay.

The allocation of categorical teachers are provided based on the number of students meeting the criteria on a per school basis: 0.5 teacher is assigned for 1 or 2 students, 0.75 teacher is assigned for 3 students, 1 teacher is assigned for 4-6 students, with each additional multiple of 6 receiving another 1 unit. The units are initially allocated in April of the previous school year, with continuous application and approval throughout the year as well. The categorical teachers assist student who have severe special needs. This would include severe cognitive delay or moderate global delay, severe physical disability, severe emotional behaviour disorder, severe learning disability, severe health/neurological disorder.

Other personnel available to support children with special needs are provided as follows:

- Itinerant teachers for the deaf and hard of hearing, the blind and visually impaired are provided to districts based on caseload analysis.
- Guidance counselors are allocated to school boards on a 1:500 student ratio.
- Educational psychologists are provided based on a 1:5000 student ratio.
- Speech language pathologists are provided to districts to work with students who have communication disorders on a 1:3500 student ratio.
- Student assistants are provided to school boards to assist teachers who are responsible for students with severe needs. They are provided based on the approval process for categorical funding.

Funding is also provided for other special services, such as alternate format textbooks, and other forms of specialized technology on the application and approval basis. The annual budget for these items is approximately \$100,000. Also, special transportation is provided on an application and approval basis. The annual cost is approximately \$2.6 million.

There are no additional taxes or local levy in place.

Nova Scotia:

Grant Thornton attempted to contact the Nova Scotia Department of Education numerous times to obtain the funding information, but was unsuccessful in receiving the necessary information to include them in our review.

Saskatchewan:

Saskatchewan uses a hybrid approach as a portion of their special education funding is based on enrollment such as diversity factor and shared service and other funding such as designated disabled program, in-care and technical aids is determined based on the data submitted by the school division on students with low incidence disabilities and supports provided to them.

The diversity factor recognition is intended for students with exceptional learning and behavioural needs and students living in vulnerable circumstances. The purpose of the funds is to provide classroom supports, assessment, resource/learning assistance programs, speech/language services, consultative supports, social skills programming, counseling, interagency collaboration and planning and evaluations. The funding is calculated at \$304 per student based on the total enrollment. It is estimated that 15 – 20% of students require access to additional supports therefore the total diversity funding would be used for only 15 – 20% of the student enrollment.

The designated disabled program provides individual funding for students receiving intensive educational programs and support. These students are visually impaired, intellectually disabled, orthopaedically disabled, chronically ill, multiply disabled and students who are deaf and hard of hearing. The amount of funding would be based on the level, level 1 receives \$6,300 per qualified pupil and Level 2 receives \$12,610 per qualified pupil.

Students with designated disabilities that are educated at home may require special educational support services that parents cannot be expected to provide without school division assistance. Incremental special education funding is provided to assist. Funding recognition will be based on incremental costs equal to or exceeding \$6,300 for Level 1 or \$12,610 for Level 2.

Incremental funding is also provided to assist programming for children in the care of the department of Community resources and employment. This is intended for children who have intensive social, emotional, and behavioural needs. It is provided to assist students who are not eligible for the designated disabled program.

In order to assist students with low incidence designated disabilities to gain access to curricula, assistance is available to school divisions to purchase the required technical aids.

The following community education program funding is also available:

Prekindergarten program – This is an early intervention program for preschool age children and their families who are living in vulnerable circumstances. Funding of \$48,346 recognizes the cost of a half time teacher, half time educational assistant and programming costs for up to 16 three and four year olds. In the initial year, \$14,540 is available to assist with start up costs.

Community schools program – The funding provides a range of supports and effective practices that are most effective in addressing the complex needs of vulnerable students. The amount of recognition allocated depends on the type of school and the enrolment. The funding recognitions are as follows:

- Elementary Community schools - The base recognition for each school with 200 or fewer students is \$100,200. This is allocated as such \$40,000 for coordinator, \$40,000 for 2 teacher associates, \$10,000 nutrition, \$6,000 school council, \$4,200 discretionary. An additional amount will be allocated for all students over the 200 enrollment, \$200/student for teacher associates and \$40/student for nutrition.
- Secondary community schools - The base recognition for each school with 400 or fewer students is \$120,000. This is allocated as such \$40,000 coordinator and \$80,000 personnel and programming. An additional amount will be allocated for all students over the 400 enrolment, \$80/student for personnel and programming.
- K-12 community schools - The base recognition for each school with 400 or fewer students is \$122,000. This is allocated as such \$40,000 Coordinator and \$82,000 personnel and programming. An additional amount of \$240/student will be recognized per K-8 student over 200 enrollment, and \$80/student will be recognized per 9-12 student over 200 enrollment.

In order to provide the above programs and services, boards of education receive funds from local revenue (property taxation) and provincial grants.

Manitoba:

Manitoba uses a categorical approach, special needs children are classified as level 1, 2 or 3 and funding is allocated based on the assigned category. Funds are allocated to Level 1 Special Needs students based on the lesser of \$268 per eligible child or the allowable expenditures as reported under exceptional on the calculation of allowable expenditures schedule in the financial statements. Level 2 receives funding based on \$8,780 for each specific pupil and level 3 the amount increases to \$19,530 for each specific pupil. Students who are categorized as Level 1 consist of students who require extensive supports for a major part of the school day for the following conditions: moderate mental disability, severe physical disability, moderate multiple-disabilities, very severely learning disabled, severely emotionally disturbed, severe hearing loss, severely visually impaired. Level 2 support is designed for severely multi-handicapped, severely psychotic, deaf or hard of hearing, severely visually impaired, or very severely emotionally or behaviourally disordered, or has a diagnosis of a moderate autism spectrum disorder. Level 3 support is designed for profoundly multi-

handicapped, profoundly deaf, blind, profoundly emotionally or behaviourally disordered, or has a diagnosis of a severe to profound autism spectrum disorder.

Coordinator/Clinician funding allows the school divisions to hire speech language pathologists, occupational therapists, psychologists, physiotherapists and social workers. Support is provided based on the lesser of maximum support or allowable expenditures for salaries, allowances and benefits, professional service fees, and travel and meetings for qualified clinicians and up to one qualified special education coordinator. Support is calculated as follows: $(A+B) \times C$, where:

A= \$70 - \$95 depending on the location of the school division

B= sparsity rate (5 pupils per square km – C/D) x \$6, where:

C= eligible enrolment

D= the area of the school division in square km's

Consultants are available to provide specialty service in most areas of special needs. The following consultants are available:

- Students at risk – Support is the greater of \$40,000 or the sum of \$20 multiplied by eligible enrolment plus eligible enrolment multiplied by a rate per pupil corresponding to the socio-economic indicator.
- Early behaviour intervention – Funding provided to assist students experiencing learning difficulties due to behavioural problems. Funding calculated at \$22 per eligible pupil in kindergarten to grade 6.
- Early Literacy Intervention – Funding to assist divisions to implement early literacy intervention programs. To be eligible for funding a plan is required to be submitted.
- Early numeracy – Funding provided to assist divisions with programs that will increase the mathematical proficiency of all kindergarten to grade 4 students. Funding is calculated as \$15 per eligible pupil in kindergarten to grade 4. To be eligible for funding a plan is required to be submitted.
- Counseling and Guidance – Funding is allocated based on the lesser of \$40 per eligible pupil in Kindergarten to grade 4 plus \$82 per eligible pupil in Grade 5 to Senior 4 or allowable expenditures as reported under counseling and guidance in the financial statements.

Funding is also provided for transportation, it is allocated as followed:

- Special class/physically handicapped - Receive \$460 per transported pupil who is unable to walk safely to school, is a level 2 or level 3 pupil, has a learning disability, or has a physical handicap.
- Specially equipped vehicle – Allocated \$2,675 per wheelchair pupil for pupils requiring transportation on a specially equipped school bus.
- Special enrolment – Allocated based on eligible enrolment multiplied by \$5.

A special levy is in place in order to fund the special requirement, which is the difference between the expenditures and revenues. A minimum of 40% of the special requirement must be raised by the special levy. The special levy is raised on the assessed property within each school division.

Comparison of four provinces:

	Pro's	Con's
Newfoundland	<p>Categorical funding used which allows schools to meet the individual needs of children.</p> <p>Teachers allocated based on number of students</p> <p>Funding model allows a large number of TA's</p> <p>Speech language pathologists, itinerant teachers, guidance counselors and educational psychologists are employed by school boards</p> <p>Alternate funding for special transportation.</p> <p>Alternate funding for other special services such as specialized technology.</p>	<p>Categorical funding used which requires students to be labeled and isolates students.</p> <p>The application process does not guarantee service under categorical funding, often a wait time</p> <p>The increasing demand for TA's impacting the quality education by professional staff</p> <p>Difficult for rural and isolated areas to hire and sustain qualified specialists.</p> <p>Referral process for health services (mental health, occupational therapy, physiotherapy) in rural/isolated areas can be lengthy</p>
Nova Scotia	<p>- Grant Thornton attempted to contact the Nova Scotia Department of Education numerous times to obtain the funding information, but was unsuccessful in receiving the information.</p>	<p>- Grant Thornton attempted to contact the Nova Scotia Department of Education numerous times to obtain the funding information, but was unsuccessful in receiving the information.</p>
	Different funding blocks available for different types of service delivery.	Funding blocks require students to be labeled and isolates students.

	<p>Province reimburses boards for all assistive technology OT's and SLP's are school based</p>	<p>The application process does not guarantee service. Some segregated classes exist and receive significant funding. Funding for OT's and SLP's rests with education</p>
Manitoba	<p>Categorical funding used which allows schools to meet the individual needs of children Funding allows for fluctuating needs Specialized consultants are available Clinician funding provides board employed OT's, PT's, SW's, SLP's, and Psychologists based on divisional needs. Clinician funding, employment is driven by need in each division. If determine one or more is not necessary, can increase the number of another. The number of TA's hired by each division is based on need in individual schools and is at the discretion of the principal. Total FTE units to be allocated.</p>	<p>Categorical funding used which requires students to be labeled and isolates students No special education ratios (teacher / caseload) Smaller communities are not able to hire clinicians except for contract terms. Local decision making regarding clinicians results in have / have not schools Strength of school leadership as they are responsible for allocating FTE units.</p>

We have considered the recommended model or combination of models that would be appropriate for New Brunswick:

New Brunswick is currently using a purely census based model, this does not allow the province to consider the number of special needs students in a specific district. The percentage of special need children is not consistent across districts, which results in the over/under funding of districts. The census approach also prevents school districts from distinguishing between the severity of disabilities, which is important as there is a large variation in costs. We believe that a

move toward a hybrid model would be more appropriate. This would allow the province to consider the needs of individual students and provide a more equitable allocation of resources among districts.

A change in the funding model to allow the province to recognize the percentage of special needs students in each district and the severity of their disabilities and ensure districts are appropriately funded would be appropriate. There may be incentive to classify students, therefore due care must be taken to ensure appropriate classification.

Cathy Thorburn's research titled an "Integrated Service Delivery Model" provided several recommendations for the service delivery model. The report indicated that in order to provide a range of services to students with special needs, it is necessary to have a collaboration of stakeholders and partner agencies. It is recommended that in order to provide adequate services that the following professionals be employed by the school board:

- 1 – resource teacher per 30 identified special needs students
- 1 – Speech language pathologist per 300 students
- 1 – Occupational therapist per 300 students
- 1 – School psychologist per 2000 students
- 1 – social worker per district

Funding for some of the above may be shared with different agencies, such as speech language pathologist cost shared by health and education, occupational therapist cost shared by health and education, and social worker cost shared by health and community services and education.

Lack of qualified professionals may hinder the ability to employ the appropriate number of professionals, this issue is commonly encountered in rural areas. Cathy Thorburn's report recommended that the New Brunswick Department of Education and District Supervisors should join with universities and be active at job fairs in order to boost recruitment.

Work Plan provided to by A. Wayne MacKay

This inquiry is done under the auspices of a larger study reviewing inclusive education in New Brunswick. This work plan is intended to provide information and opinion for the reviewer to consider. This work should be guided by the values and criteria that have emerged as important in this independent review process

Background Research

- The accountant will assess some background research including:
 - Thomas Parrish, et. al, eds. *Funding Special Education* (Thousand Oaks, CA: Corwin Press, Inc., 1999).
 - Documents provided in Appendix B.
- The accountant will conduct any other background research that he or she deems necessary.

Deliverable:

1. Provide a short analysis of the background research. This should include an assessment of its relevance to the New Brunswick situation. This should directly address the pros and cons of census versus categorical funding frameworks. The accountant will provide an opinion on possible hybrid solutions.

Directed Inquiry

- Inquire into the funding frameworks and mechanisms in four Canadian provinces with respect to “integrated service delivery”¹.
- Inquire into the funding frameworks and mechanisms in four Canadian provinces with respect to general educational service delivery. With regard to student services in particular, where it does not overlap with “integrated service delivery”.
- This inquiry should have due respect for the local context and should strive to indicate points that cannot be directly compared with New Brunswick.
- This inquiry will be done as a follow up to work completed by Cathy Thorburn. The four Canadian provinces will be Newfoundland / Labrador, Nova Scotia, Saskatchewan, Manitoba. The accountant will meet with Cathy Thorburn for consultation and briefing as necessary.
- The inquiry will also seek information on the amount of money allocated through the various frameworks and mechanism in each of the four provinces examined.

Deliverable:

1. Provide a fairly detailed breakdown of the funding frameworks and mechanisms in each of the four provinces examined.
 - This analysis should provide information about how money is allocated for the various areas of service provision detailed above. This should also include how much money is allocated for the various areas of service provision.
 - There should be specific mention of whether a census, categorical or hybrid approach is used.
 - Provide information noting whether each jurisdiction has additional local levy or taxation in place.
2. Provide a comparison chart of the four provinces outlining a comparative pro and con analysis of their components.
3. Provide recommendations on a model or combination of models that would be appropriate for New Brunswick.

¹ As defined in the context of the current review. Please see *Terms of Reference* and Cathy Thorburn’s report.