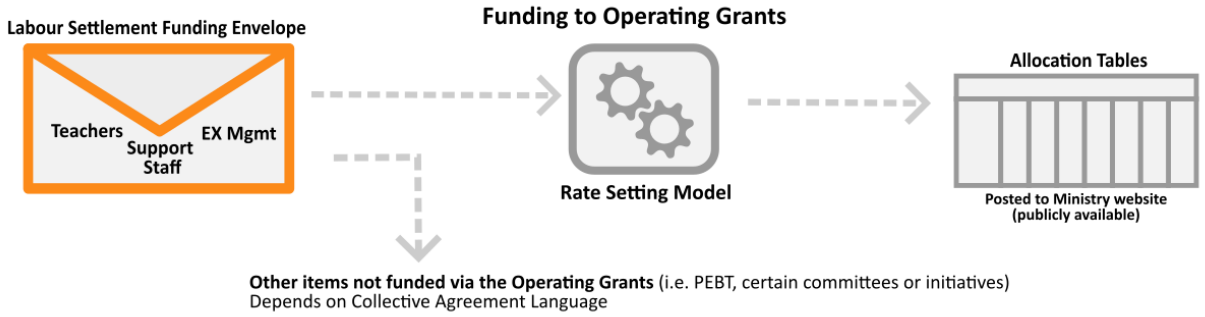
Labour Settlement Funding Methodology

Labour settlement funding is an envelope of funding calculated by the Public Sector Employers' Council Secretariat (PSEC-S) and approved by Treasury Board. The funding is set at a point in time and is based on approved parameters of the bargaining mandate.

The Ministry of Education and Child Care is not authorized to release labour settlement funding until formal approval has been received from Treasury Board.

The method of distributing labour settlement funding through the operating grant formula is as follows:

- PSEC-S informs the Ministry of the total provincial funding envelopes to allocate for teachers, support staff and exempt positions.
- The Ministry sets aside labour settlement funding not allocated through the operating grants for:
    - Classroom Enhancement Fund;
    - Learning Improvement Fund;
    - CommunityLINK;
    - Provincial Resource Programs;
    - Public Education Benefits Trust (PEBT);
    - Collective Agreement special allocations (e.g., Support Staff Education Committee); and
    - Other costs as outlined in the collective agreement(s).
- The remaining labour settlement funding is flowed through the operating grant formula to simulate the adjustment to the per student rates and supplements to determine the allocations.



Labour Settlement Funding Adjustments

Operating Fund

- The labour settlement allocations currently in Table D of the 2026/27 Summary of Grants to Date tables (specifically the Operating amounts for Teachers – GWI & Other CA Changes, Exempt Staff and Support Staff) were determined by simulating the adjustment to the per student rates based on the preliminary 2026/27 enrolment estimates that were submitted by school districts in February.

- These notional rates (specifically the difference between the new "simulated" rates and current rates) were run through the operating grant formula to determine the allocations.
- The 2026/27 labour settlement allocations will need to be adjusted to reflect actual September enrolment. The extent of the adjustment at the district level will depend on the changes in FTE enrolment and student composition (i.e., the proportion of students claimed through the Supplement for Unique Student Needs).
- In previous mandates, the labour settlement allocations that were provided as a special grant were based on actual September enrolment so no adjustments were necessary. Due to the timing of the collective agreement ratifications under the 2025 Balanced Measures Mandate, the Year 2 (2026/27) allocations were based on estimated September enrolment.
- Increases/decreases in the September operating grant at the district level will lead to a corresponding increase/decrease in the amount of labour settlement funding to reflect actual enrolment.
- The revised labour settlement allocations and adjustments to the September operating grants will be announced in December.

Classroom Enhancement Fund (CEF)

- To estimate the amount of labour settlement funding to be allocated to CEF staffing, the Ministry will deduct the Year 1 and Year 2 GWI costs for teachers (6.09% compounded) from districts' submissions of their actual 2026/27 teacher hiring costs.
- The labour settlement allocations for remedies will be based on a 6.09% increase to the 2026/27 annual remedies estimate, as the current average teacher salary of $123,188 ($98,550 + 25% for benefits) that districts will use to calculate their October remedy costs does not include the Year 1 and Year 2 GWIs.
- Labour settlement funding for overhead will be based on a 6.09% increase to the preliminary allocations in Table B.
- The CEF labour settlement allocations will be announced in December and provided in Table D. The total CEF grant will be the sum of the amounts in Table B and Table D.

Other Considerations

Funding Protection

- Funding Protection (FP) is a supplement in the operating grant formula provided to school districts that would otherwise have a year-to-year decline in funding from the previous year of greater than 1.5%.
- FP is determined by comparing the total recalculated operating grants from September of the previous school year to total September operating grants for the current year.
- For districts where funding declines exceed 1.5%, FP will provide additional funding in an amount that ensures the year-to-year decline is no greater than 1.5%.

- An estimate of FP is provided in the preliminary operating grants released in March and is finalized as part of the September grant recalculation.
- FP is only calculated based on operating grants and does not include special grants.
- As FP is finalized during the September grant recalculation, FP is not adjusted for the February and May enrolment counts.
- Labour settlement funding included in the operating grant allocations are excluded when FP is calculated.

Supplement for Enrolment Decline

- The Supplement for Enrolment Decline (SED) is a supplement in the operating grant formula provided to school districts that are experiencing a decline in September school-age enrolment of at least 1% compared to the previous September.
- SED has three tiers:
    - Declines of at least 1% and less than 4% compared to the previous September: 50% of the Basic Allocation amount is provided for every FTE above a 1% decline;
    - Declines of 4% or greater compared to the previous September: 75% of the Basic Allocation amount is provided for every FTE above a 4% decline; and
    - Declines of 7% or greater over a two-year period: 50% of the Basic Allocation amount is provided for every FTE above a 7% decline.
- School districts could be eligible for all three tiers.
- An estimate of SED is provided in the preliminary operating grants released in March and is finalized as part of the September grant recalculation.
- SED includes only school-age students enrolled as at September 29 each year.