

2008: B13

MEMORANDUM TO: Directors of Education

FROM: Nancy Naylor
Assistant Deputy Minister

DATE: October 23, 2008

SUBJECT: **Constraint on school renewal funding in 2008-09**

I am writing to provide you with further information about the constraint on school renewal funding for 2008-09, which was announced in the government's Fall Economic Statement of October 22, 2008.

As part of the government's commitment to careful management of provincial expenditures in the current economic environment, funding for school renewal activity through components of the School Renewal Allocation, including the School Renewal formula amount, Regular, Rural, and Supported Schools Top-up, and the School Renewal Enhancement Amount, will be limited to 80 per cent of the funding levels originally projected for 2008-09.

The constraint would require amendment to the regulation that governs grants to school boards in their 2008-09 fiscal year. It must be implemented by, and is conditional upon, the approval of an amending regulation by the Lieutenant Governor in Council. Such amendments have not been made. The Ministry intends to seek approval from the Lieutenant Governor in Council today to amend the 2008-09 grant regulation to implement this change.

While this constraint would require school boards to plan and review their priorities for school renewal carefully, the province is continuing to provide a significant annual investment of more than \$240M through the affected funding components. As well, the Good Places to Learn (GPL) initiative is not affected by the constraint. Through Stages 1, 2, and 3 of GPL Renewal, the government is supporting \$2B worth of projects to address high and urgent renewal needs. The Ministry expects to release board allocations for Stage 4 of GPL Renewal in the near future, which will support a further \$250M in high and urgent needs renewal projects.

In addition, the Ministry has recognized 147 schools in poor condition as Prohibitive to Repair, and has to date provided \$670M to rebuild or replace these schools as an alternative to supporting them with renewal funding. It should also be noted that Distant Schools Top-Up funding for renewal is not affected.

The proposed amendments are:

- (1) Revised benchmarks for renewal cost per metre squared:

Renewal Cost	New 2008-09 Benchmark (per m ²)
Elementary and secondary – less than 20 years old	\$5.62
Elementary and secondary – more than 20 years old	\$8.43

These revised benchmarks would affect the School Renewal Allocation formula amount and the calculation of Regular, Rural Schools, and Supported Schools Top-Up funding.

- (2) A revised *Table 15 – School Renewal Enhancement Amount*, in which the amounts would all be reduced by 20 per cent.

Updated board-by-board projections of school renewal funding for 2008-09 are attached. These projections are based on the 2008-09 projections provided to boards in August 2008.

School boards can approach the management of this constraint with the expectation that this is a one-time reduction of renewal funding. While the Fall Economic Statement described a \$25M constraint, on a school-year basis this represents \$61M. This reflects the fact that the constraint, while it applies only in the 2008-09 school year, is spread over two of the province's fiscal years (2009-10 as well as 2008-09). As well, the figure has been adjusted for the accounting impacts of capital depreciation.

In managing this constraint, boards should continue to direct renewal funding towards health and safety priorities. The Ministry also encourages boards to fully utilize the GPL funding available to address high and urgent renewal needs.

The change in school renewal benchmarks will be implemented through Revised Estimates, which are due December 12, 2008. The 2008-09 Revised Estimates forms in EFIS will not require a new document set; however, the Ministry will provide a patch that school boards can use to update the benchmarks in Appendix C to calculate top-up funding. Once the file is patched, and the Ministry has updated the benchmark tables in EFIS, this change will roll through your EFIS forms when you recalculate.

If you require further information about these changes to school renewal funding, please contact your Ministry capital analyst or finance officer.

While management of this constraint will require the effort and judgement of school board leaders, our publicly funded education system is well positioned to meet this challenge. In the past five years, the province has made major investments and achieved great progress in addressing the needs of our students for good, healthy and effective school facilities. We have also developed our capacity to manage change and to work in partnership. We look forward to continuing to work in partnership with school boards to help every student reach his or her full potential.

Nancy Naylor
Assistant Deputy Minister

Copy: Superintendents of Business and Finance