Chapter 10: Summary of Conclusions and Recommendations

The main conclusions of the Study Team are summarized below.

A. Pupil Places

A.1 There is a significant need for new elementary and secondary pupil places in Ontario because of increases in enrollments. Based on a ratio of 90% of enrollment to Ministry Rated Capacity of schools (MRC), there is a current need for 64,000 new elementary school pupil places and nearly 24,000 new secondary school pupil places.

A.2 The total cost of providing these new pupil places is approximately one billion dollars. Based on current practices, the one billion dollars would be provided through a combination of provincial grants, education development charges and school board debentures.

A.3 The need for new elementary school pupil places will continue to grow over the next 25 years, with projected additional growth of approximately 125,000 pupil places. When compared with the current need of 64,000 pupil places, the 125,000 pupil places spread over a 25 year period, or an average of 5,000 pupil places per year, is much less significant.

A.4 The need for secondary school pupil places will be affected to a great extent as a result of the elimination of the OAC year. There will be a five year growth period followed by a significant decline in September 2002. The net growth of secondary school places over the next 25 years will be approximately 36,000 pupil places, or about 1,400 pupil places per year. When compared to the current need for 25,000 pupil places, future growth is again much less significant.

A.5 The major challenge facing the Ontario school system is the current need for pupil places; future growth is much less significant in relative terms. To illustrate this, the incremental demand for capital funding to construct new pupil places for the next 25 years is shown diagrammatically on the next page.

A.6 In that the costs for future growth are less significant, in relative terms, than the costs associated with the current need for pupil places, there will be a greater financial capacity to address the problem of school replacement after the current need for new pupil places has been addressed.
Diagram of the Estimated Incremental Need for Capital Until 2021
B. Approval Process

B.1 The current capital grant plan should be replaced by a new process that is more flexible, more reflective of current program needs and easier to administer.

B.2 A capital allocation process based on (i) the relationship between enrollment and Ministry Rated Capacity of schools, and (ii) block funding by board for capital projects, would meet these objectives while maintaining the level of accountability required.

B.3 The concept of block funding by board and the relationship between enrollment and MRC are fundamental building blocks. The specifics of the grant plan would have to be developed by the Ministry of Education and Training, based on availability of financial resources and Ministry policy directions.

C. Utilizing Schools More Effectively

C.1 The effective utilization of current school facilities is critical. When the need for new pupil places is based on a ratio of 90% of enrollment to MRC, the capital required for the current need is approximately one billion dollars. Based on a ratio of 80% of enrollment to MRC, the capital costs would be approximately $2.8 billion.

C.2 Using the strategies identified in this report, most school boards should be able to achieve an overall ratio of 90% of enrollment to MRC in their schools. It is recognized that this will be a difficult adjustment for many school boards and will require some reliance on portable accommodation.

C.3 If adequate financial resources are not available to fund a capital program based on 90% of enrollment to MRC, the Ministry will have to consider higher utilization requirements. Higher ratios will result in more reliance on portable accommodation.

C.4 Mandating some form(s) of year-round education and/or double shifting of secondary schools would reduce the need for new pupil places and the corresponding need for capital funding to a very significant extent.
D. Reducing Costs

D.1 School boards have already taken action to reduce the costs of school sites and school buildings. Notwithstanding, there are a number of strategies outlined in this report such as joint or multi-use of sites and facilities, reduction in site size and performance contracting that can reduce costs even further if implemented on a more widespread basis.

D.2 Greater coordination and cooperation between municipalities and school boards have the potential to reduce site and building costs substantially through earlier school site acquisition, joint-use of sites and facilities and reductions in municipal fees and requirements.

E. Financing Alternatives

E.1 Land dedication and Education Development Charges (EDCs) are critical sources of revenue for new school construction and can reduce significantly the reliance on both provincial grants and school board debentures.

E.2 Other potential sources of revenue include the sale of assets and capitalization of operating cost savings. These sources can also be used to reduce reliance on provincial grants and school board debentures.

F. Private Sector

F.1 There is a role for the private sector in the provision of schools. There is potential for partnerships with the development industry, notwithstanding the Education Development Charges. There is also potential for private sector partnerships in financing schools and in the area of design, build, finance and operate.

F.2 Design, build, finance and operate should be included as an option in the Ministry of Education and Training capital strategy. The four elements can be used together or separately depending on the circumstances of the project(s).

F.3 The operating element, i.e. out-sourcing of plant operations and/or plant maintenance, can be used for existing school facilities, traditional school construction or as part of design, build projects.
F.4 Private sector financing is an option that should be considered on a project specific basis. Because there is no significant revenue stream from schools and because user fees are not generally applicable, private sector financing will have to be serviced by school boards and/or the province in the same manner as public sector financing. The particular circumstances of each school project will determine the relative cost advantages or disadvantages of private sector over public sector financing.

The recommendations of the Study Team are summarized below.

1.0 Determination of Need for Additional Pupil Places

1.1 The determination of need for the construction of new pupil places in Ontario be based on the relationship between enrollments and the number of current pupil places for each school board jurisdiction.

1.2 In the short term, the number of pupil places be set at the Ministry Rated Capacity (MRC). In the longer term, the Ministry of Education and Training give consideration to replacing the MRC calculation with a Functional Rated Capacity (FRC) or Program Rated Capacity (PRC) calculation.

1.3 The ratio of enrollment to MRC be set on the basis of Ministry policies and the availability of capital funds.

1.4 The ratio of enrollment to MRC be consistent for all school boards which are predominately urban or suburban.

1.5 A lower ratio of enrollment to MRC be set school boards which are predominately rural.

1.6 Exceptions be permitted in extraordinary circumstances where a school board is unable to reach the targeted ratio of enrollment to MRC because of geographic, demographic or other special circumstances. Such exceptions should be few in number.

2.0 Enrollment Projections

2.1 The Ministry of Education and Training establish and maintain a computerized model of enrollment projections for each school board based on the population projections provided by the Ontario Ministry of Finance.
2.2 The need for capital funds for school boards where enrollments are projected to decline be reviewed on a case-by-case basis to ensure that facilities are not constructed because of a short term need which is not sustainable over a longer time frame.

2.3 The need for capital funds for secondary pupil places be reviewed on a case by case basis in the years 1997-2001 inclusive to ensure that facilities are not constructed which will not be required after the discontinuation of the Ontario Academic Credits.

3.0 Facilities Renewal

3.1 Each school board be required to budget every year a minimum of $1.00 per gross square foot of its building inventory for facilities renewal.

3.2 Any funds contributed by the province towards the $1.00 per gross square foot be allocated under a formula similar to the one used for the Ministry’s current Facilities Renewal Program.

3.3 In the event that a school board does not spend a minimum of $1.00 per gross square foot for facilities renewal in any year, the difference be placed into a reserve fund to be used as additional funding for facilities renewal in future years.

3.4 Any other provincial funding for facilities renewal be limited to extraordinary circumstances. Such exceptions should be few in number.

4.0 Facilities Replacement

4.1 A selective facilities audit be conducted to determine the magnitude of need for facilities replacement.

4.2 Based on the results of the facilities audit, the Ministry of Education and Training consider alternatives for the capital funding for facilities replacement. One option would be for the MRC of an unsuitable school to be reduced to nil and funding for replacement to be allocated on the same basis as funding for growth.

4.3 Exceptions be permitted in extraordinary circumstances where a replacement school is required because of geographic, demographic or other special circumstance.
5.0 Capital Grant Plan

5.1 Capital funding for the design and construction of new school facilities be approved as block funding by panel (elementary and secondary) by school board. Block funding may be done over a multi-year period in compliance with the level of capital funds available.

5.2 Capital funding for the acquisition and servicing of sites be dealt with on a case-by-case basis.

5.3 The amount of the block funding for the design and construction of schools be calculated by multiplying the number of pupil places required (as determined by the relationship between enrollment and the Ministry Rated Capacity) by a Ministry-determined cost of design and construction per pupil place.

5.4 The Ministry-determined cost of design and construction per pupil place generally be consistent across the province. Exceptions be permitted in extraordinary circumstances because of geographic, demographic or other special circumstances.

5.5 School boards be allowed to reap the full benefits of any savings which they are able to obtain from the actual cost of construction per pupil to be applied to future capital projects and similarly bear the full cost of any cost overruns.

5.6 School boards be required to submit two reports as part of the approval process:

   i) a brief description of each planned construction project including geographic location, academic programs to be provided, space program, student capacity, sketch plans, projected cash flows and proposed innovations (if any); and

   ii) a final report for each completed construction project including number of pupil places provided, gross and net areas, actual cost per square foot, actual cost per pupil place and assessment of the success of any innovations.

5.7 School boards be given responsibility and accountability for most decisions for the construction of schools and the Ministry’s role be limited to the allocation of the capital funds available and auditing of construction projects, as required.

6.0 Ministry Clearinghouse
6.1 The Ministry of Education and Training establish and maintain a Clearinghouse, possibly on the Internet, which is readily available to school boards and others to provide resource information and assistance in the planning and construction of school facilities.

7.0 Utilization of School Facilities

7.1 The Ministry of Education and Training encourage all school boards to increase the utilization of existing school facilities by implementing funding polices and practices designed to reward the school boards which use their facilities most effectively.

7.2 School boards use the techniques outlined in this chapter to increase the utilization of their existing schools, as necessary to meet the ratio of enrollment to Ministry Rated Capacity to qualify for capital funding for additional student places.

7.3 The Ministry of Education and Training mandate some form(s) of year-round education and/or double-shifting of secondary schools if the provision of additional pupil places cannot be accommodated within the available financial resources.

8.0 Reducing Building and Site Costs

8.1 The Ministry of Education and Training encourage all school boards to reduce the costs of constructing school facilities by implementing funding policies and practices designed to reward the school boards which are able to do so most effectively.

8.2 The Government of Ontario take steps to improve the planning and development (and redevelopment) processes to coordinate better the needs of all public sector bodies and thereby reduce costs for all.

8.3 School boards take the initiative in seeking out opportunities for joint and multi-use sites and facilities.

8.4 School boards reduce their school site size requirements wherever practical.

8.5 The Ministry of Education and Training facilitate early acquisition or optioning of school sites.
8.6 School boards establish satellite schools in worksite settings, incorporate performance contracting and implement the core school approach where circumstances warrant.

8.7 The Ministry of Education and Training take the initiative in reviewing with other provincial ministries whether changes to regulations and statutes are warranted to remove excessive fees and requirements on school construction.

9.0 Design, Build, Finance and Operate

9.1 Design, build, finance and operate should be viewed as separate elements that can be used together or separately depending on the circumstances of the project(s).

9.2 Whenever possible, finance should be separated from the other elements and be addressed through a competitive process.

9.3 Public-private partnerships in the provision of school facilities should attempt to incorporate revenue generation opportunities to help offset the cost of the project(s).

9.4 School boards should be flexible in locating their schools, whenever possible, to maximize revenue generation opportunities.

10.0 Alternative Revenue Sources

10.1 The Province should introduce land dedication for school purposes.

10.2 The Province should analyze the situation to determine the extent to which land dedication for school purposes can be accommodated within the current land dedication provisions.

10.3 Education development charges should be maintained as one of the cornerstones of the financing of new school construction.

10.4 With respect to projects eligible for Education Development Charges, the Ministry of Education and Training should provide a realistic approval level and approve all growth projects eligible for EDCs.
10.5 School boards should be encouraged to continue to develop partnerships in the provision of school accommodation.

10.6 School boards should be encouraged to sell or exchange surplus properties.

10.7 The Province should provide greater flexibility to school boards in the application of the proceeds from the sale of surplus properties for other capital projects.

10.8 Where feasible, school boards should locate their schools on sites that may have a greater opportunity to appreciate in value, and/or have a viable non-school use.

10.9 School boards should analyze their current and projected operating costs to determine if operating cost savings could finance new school construction.