Facilities Renewal

School boards are responsible for ensuring that their facilities are maintained in good repair and for providing a safe environment for students, teachers and staff. In addition, older school facilities may require upgrading in order to become barrier free and more energy efficient. Renovations are also required from time to time to accommodate academic programming changes, including the use of information technology.

The funds required for facilities renewal projects are currently provided from three sources:

- the general operating budgets of the individual school boards;
- capital grants provided by the Ministry of Education and Training for specific projects; and
- funds provided by the Ministry of Education and Training on a formula basis through the Facilities Renewal Program.

Comments from the Field on Facilities Renewal Issues

During the field interviews with representatives of school boards, a number of comments and concerns were expressed.

Major Maintenance Allocations from School Board Operating Budgets

- There is a great discrepancy in the amount of funds which school boards budget for major maintenance, ranging from approximately one-half of one percent of the operating budget to approximately three percent of the operating budget.
- Proper preventative maintenance will save money in the long term by reducing the costs for deferred maintenance and likely extending the life span of the buildings.
- School boards which maintain their facilities adequately will be less likely to require project specific funding from the MET and may indirectly be penalized for good management.
To avoid accelerated school replacement, the Ministry of Education and Training should take steps to ensure that adequate amounts are allocated for major maintenance by the individual school boards.

Facilities Renewal Program

- The Facilities Renewal Program enables school boards to select their own projects and thus maximize the value obtained from these funds.

- The formula funding mechanism significantly reduces the administrative burden to both the school boards and the MET. This is of increasing concern in an era of administrative down-sizing.

- The formula used by the MET in allocating funds under the Facilities Renewal Program is seen to be fair and objective.

- There is strong and wide-spread support for the Facilities Renewal Program. The only significant concern is that the level of funding is too low.

Demand for Facilities Renewal

There are a number of formulae for determining the amount of expenditure required to adequately maintain physical facilities. Unfortunately, none of these formulae can be applied without determining whether deferred maintenance is an issue. In field interviews some school board officials expressed serious worries about deferred maintenance, while others believed it to be of less concern.

Regardless of the level of deferred maintenance problems, it is recommended that steps be taken by the Ministry of Education and Training to ensure that adequate funds are provided for facilities renewal. These funds can be provided locally, provincially or from a combination of the two funding sources.

In determining the order of magnitude of capital funding required for facilities renewal, the following are two approaches that may be considered.
Alberta Approach

The Province of Alberta utilizes a formula of $57.22 per student plus $1.44 per square metre of space for capital funding under its ‘Building Quality Restoration Program’. Applied to Ontario, an approximate cost of $140,000,000 per year would be required for a similar program. (This is based on 1,889,542 students and 237,643,786 square feet of instructional space as shown in the supporting tables to the Ministry’s Facilities Renewal Program.) In addition to the capital funds allocated for the Building Quality Restoration Program, the Province of Alberta provides capital funds for a modernization program to renovate older, less functional school buildings.

Percentage of Replacement Cost Approach

In Ontario, many school board officials responsible for plant maintenance believe that one to two percent of replacement cost should be allocated annually for facilities renewal. At current construction cost, the total replacement cost of all instructional facilities would be over $20 billion. Thus even at the low end of the range, that is, at 1% of replacement cost, the budget for facilities renewal would be $200,000,000 annually.

Facilities Replacement

In determining the need for capital funds for facilities replacement, a number of issues need to be taken into consideration.

- Numerous reports have indicated that the life span of buildings should be between 40 and 50 years. Historically, however, most sectors do not replace their physical plant this often.

- In general, older buildings should be the most likely to be replaced. However, there are many instances where the oldest buildings in a school board’s inventory are the best constructed.

- Population shifts from one neighbourhood to another may require a school to be replaced at a different site. The age and quality of a building will have little or no effect on this.

- Changes to academic programming may necessitate the replacement of a school building if the necessary modifications to the building cannot be made in a cost effective manner. Again, the age of a building and the quality of construction will not necessarily be relevant.
Facilities replacement is closely related to facilities renewal. A building which is adequately maintained will be less likely to require replacement as quickly as a poorly maintained building.

Ideally, school boards should be establishing sinking funds for the replacement of school facilities as they reach the end of their life cycle. This would provide further incentive for school boards to ensure that facilities are adequately maintained. In the current situation where both the province and the boards must borrow to meet current capital requirements, it is difficult to initiate sinking funds as well.

It is not feasible to determine the need for capital funds for facilities replacement without a detailed study of the physical condition of school facilities, their locations and their flexibility in accommodating changes to academic programming. A selective facilities audit would be required.

As outlined in the previous chapter, there is considerable pent-up demand for additional pupil places. The demand for additional schools must be assessed against the demand for replacement of some existing schools. An objective method of doing so would be to identify schools which are no longer suitable for academic use through a selective facilities audit and to remove the MRC figures for these schools from the school board’s capacity. The need for replacement schools would then be assessed on the same basis as the need for growth schools.

It is recognized that there will be some instances where there is a need to replace a school which is located in a small town or rural area which cannot be serviced by a neighbouring school because of distance or other factors. As with the determination of the need for growth, these cases can be handled as a subjective overlay to the allocation process.

**Recommendations:**

It is recommended that:

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.