

## **Good Places to Learn: Renewing Ontario's Schools**

A school building and its grounds are more than a practical site for instruction and learning. They are also a hub for wider community activity. Ultimately, a school's condition reflects the state of commitment of one generation to the advancement of the next.

In December 2003, the Ministry of Education asked Ontario school boards to honour a moratorium on school-closing to permit an integrated review of facility needs. In May 2004, boards were given a year's notice of the government's plans to support a large renewal fund in the following school year. An overall inspection of all school properties was finalized in the fall of 2004. Also in the fall, the Ministry of Education advised boards it was developing a new comprehensive outlook on school facilities for the future.

The review has generated several key findings:

- Capital costs and needs are driving program decisions for students in too many parts of the province, even though those costs form a relatively small share of overall expenditure.
- Ontario has an opportunity to improve education programs at relatively little cost owing to the availability of a significant amount of space.
- Despite a large increase in capital spending over the past six years, many Ontario schools are in poor repair and cannot be fixed under the current funding formula.
- Most capital dollars are being spent on serving the needs of a small number of students while many other students remain in portables.
- The current funding formula has significant inefficiencies that include paying for space that is not yet built.
- There have been a record number of closures over the past several years but the current guidelines for school closing do not meet all of the obligations that boards and the province have to students, the community and the overall system.

The review makes clear that the state of Ontario's school buildings is getting in the way of the instruction being taught within them. It is obvious that solving capital problems has taken a disproportionate amount of energy away from the program needs of students. It is just as clear that an overhaul is necessary to the relevant parts of the provincial education funding formula.

The following is a considered action plan to deliver "Good Places to Learn" for all Ontario students over the next 18 months. It sets out policy direction and goals to achieve a high standard for the environment in which our students learn, together with the resources and flexibility to make that environment achievable across the province.

The key components of the Good Places to Learn plan are:

- Student program needs to drive facilities planning.
- Rapid upgrades to the condition of all facilities.
- New guidelines for school closing procedures by boards.
- Better value for capital grants.
- Open decision-making, improved board oversight and public participation in capital planning.

In all, the Ministry of Education intends to invest \$280 million in annual increases, phased in quickly over the next three years to fund an estimated \$4 billion in new school repairs and new schools.

## **INTRODUCTION – GOOD PLACES TO LEARN AND TO TEACH**

It is a joint responsibility of the school boards and the provincial government to ensure that every student in Ontario's publicly funded schools has access to good facilities in a school that is properly funded. While not the most important factor, there is a strong link between the standard of the physical environment and good outcomes, such as better student performance and higher teacher retention.

The overall student population is predicted to be relatively stable with only a small decline followed by slow increases province wide over the next ten years. Within that outlook there are pockets of high growth and several areas of high decline that present particular challenges. As well, the reduction of the high school program from five to four years delivered a one-time reduction in secondary students.

The most common challenge to good long-term planning for boards has been the inadequacy and inflexibility in the funding formula that has limited most capital funds to a handful of boards and a minority of students.

## **A. PROGRAM EXCELLENCE FOR STUDENTS**

The government believes that the education program needs of students must lead decisions concerning buildings and grounds. Too often, in the recent past, it has been the other way around.

One perspective is that the fixed cost of local school administration and maintenance is 16 per cent of the total school expenditure. While certainly significant, this always needs to be put in the context of how well the other 84 per cent of expenditures is best deployed and what is being accomplished in terms of student success.

Ontario school boards will be asked to revise their building, expansion, repair and replacement plans to incorporate their own program requirements as well as several new provincial program improvements for students:

- Cap on class sizes of 20 for students in JK to Grade 3
- New programs for 16- and 17-year-olds who are no longer dropping out
- Early learning and child care spaces through the Best Start plan
- Expansion of education-related not-for-profit programs
- Accessibility for Ontarians with Disabilities Act plans, pending legislative approval
- School safety audit implications

Boards will also be asked to evaluate their existing facilities for safety, and their ability to meet physical education, arts and technology program objectives.

The backdrop to this requirement is the existence of more than 300,000 unoccupied student spaces in the Ontario education system. In the past, this surplus has undoubtedly represented a challenge for boards, but it is now a key resource for the implementation of better student achievement and enhanced service.

### **Class Size Cap**

Boards will be asked to fully implement the cap on primary class size by 2007-08. They are being provided with options developed by an expert panel outlining funding and flexibility. Boards will be asked to do a careful match of existing resources and variables, such as potential boundary changes and scheduling options to model space needs to reach capacity.

**Retaining 16- and 17-Year-Olds and Reducing the Drop-out Rate** –Retaining more 16- and 17-year-old learners has direct space implications, and the ministry is currently working with the sector to develop specific programs and targets in anticipation of raising the drop out age . Keeping in mind that there is general availability of space due to the reduction in the length of high school, boards will work with the ministry to plan for these additional students. They will also need to consider that many of the new programs may take place off site through co-ops and work placements. Boards are also asked to identify local facility impacts that new programming to reduce drop-out rates would have.

### **New Early Childhood Education Centres In Schools**

The “Best Start” program intends to offer early learning and care programs to 4 -and 5- year-olds as a companion to current senior and junior kindergarten. Boards will be asked to incorporate plans for tens of thousands of potential new childcare spaces once information on the exact shape of the “Best Start” program becomes available, expected later this spring. The long-term plan envisions using community hubs such as schools to integrate screening and assessment, and provide access to services to help realize the potential of every child by improving the following: child health, safety, self-esteem, language and cognitive ability, acquisition and development of oral language and mathematical skills.

The Ministry of Education will fund the capital building cost of early childhood education spaces in new schools. Funding is conditional on the spaces being first approved by the Ministry of Children and Youth Services or the local municipal authority the ministry designates.

### **Community Organizations In Schools**

There are hundreds of community organizations active in our cities and towns that provide vital support to formal education. The Ministry of Education will provide incentives for more active partnership by covering part of the cost of space conversion. Boards will be asked to recognize existing “subsidized space” in schools for potential use by these community organizations.

### **To Support Program Excellence:**

1. Boards will be required to file comprehensive capital plans to support program objectives by October, 2005.
2. In capital plans, boards will be asked to provide detailed modelling for key program needs.
  - a. Caps of 20 students in primary grades by 2007-08
  - b. New programs for 16-and 17-year olds to keep them from dropping out
  - c. Early learning and care spaces
  - d. Spaces for community activity, where applicable
  - e. Specialized physical education, arts and technology space
  - f. Supplemental measures for declining enrolment boards

3. The Ministry of Education will increase annual funding by \$80 million as required over the next three years to support an estimated \$1.2 billion in capital additions and buildings to meet the space needs for new programs identified in capital plans.

The ministry provides approximately \$199 million annually to boards to make up for the cost to maintain and repair empty spaces. This is significant funded capacity already in our schools that needs official recognition to be used. After direct school needs are met, priority consideration should be given to not-for-profit services that support children's education.

## **B. RAPID BUILDING QUALITY IMPROVEMENT**

The state of repair of existing school facilities is a critical and immediate problem. Some 85 per cent of the Ontario student population are taught in buildings that need at least one major repair. The impacts upon students and staff from these problems range from higher operating costs, to discomfort, to significant interference with learning. Unattended repairs that become more aggravated and worsen each year are a cost to the system.

Independent expert assessors conducted a comprehensive review of school buildings and sites. The results indicate that our 4,800 public school buildings have a replacement cost of \$34 billion, but require renewal through the rebuilding of components equivalent to 15 per cent of that value and that is expected to grow to 25 per cent in a few years' time.

In total, there are just under \$3 billion in "high and urgent" need repairs required at the beginning of this year. Another \$2 billion in "medium" need renewal projects have also been identified. Major problems include leaky roofs, cracked windows, insufficient heating, cracked pipes and plumbing, and failing lighting systems.

The reasons for the "crumbling" of our schools include the age of the buildings, inadequate maintenance, and the lack of timely major repairs and replacements. Since 1998, boards have had to divert \$425 million, or four per cent of maintenance funding, to other needs in our school systems instead of upkeep, including \$63 million last year. Only a few boards were allowed to replace worn out schools, so the upkeep of these facilities has drawn a disproportionate amount of the resources available.

Going forward, the ministry has now significantly increased funding for both daily maintenance and major renewals grants so that proper "life-cycle" management of facilities can take place.

Even though the annual renewal budget has been increased to \$320 million, it would take boards ten years for the system to deal with the present \$3-billion backlog of pressing "deferred maintenance" on their own. As a result, the ministry plans to support boards with an extraordinary one-time effort to bring all schools up to standard through increased major repair projects and the replacement of schools in such bad condition that they are too expensive to repair.

### **Major School Repairs**

In keeping with Dr. Mordecai Rozanski in his Education Equality Task Force in 2002, the government will increase board resources for renewing schools through a \$2.1 billion “Good Places To Learn” amortization fund to deal with the major outstanding needs. To put it in context, over the next 18 months, the value of major repairs will more than double the total made since 1998, effectively allowing the school system to catch up.

This special fund will provide all boards with resources for essential renewal of their schools. Each boards’ share of the fund will be based on its share of the ‘high and urgent’ needs in the province, as established through school inspections.

Altogether, an estimated 1.6 million students in about 4,000 schools in 72 boards will benefit from an improved environment.

### **New Replacement Schools**

In addition, we will fund the complete replacement of 120 of the worst schools in the system that are too expensive to repair, at a cost of \$700 million. Provisional allocations will be made to boards based on reported facility conditions. A full education and economic case will have to be made to confirm the allocation for a replacement school.

### **New Schools For Growth**

Currently, nine per cent or 173,000 Ontario students are in portables or “unofficial” classrooms. Some serve a temporary need. However, there are 80,000 new spaces whose construction is already funded by the ministry, but are not yet being built by recipient boards. The ministry will work with affected boards to ensure that additions and schools that are needed get built.

One issue is the varying construction costs faced by boards. The ministry will amend new school funding to ensure a viable form of regional costing to compensate for differences encountered across the province. Another is the impact of enrolment patterns on future funding security. The ministry may modify this criteria.

Since 2002, boards have been eligible for additions or new schools through an “enrolment pressures” grant. This should enable boards with growth in one area, but not overall, to access funding.

### **To Support Rapid Improvement:**

- 1. The ministry will provide boards with an estimated \$75 million annually in financing to support \$1 billion in initial major repairs this summer.**
- 2. Affected boards will also receive a preliminary list of worn out schools that may be eligible for replacement, together with further criteria to be met to have eligibility confirmed.**
- 3. The ministry will provide a second phase of allocations with a further estimated \$75 million annually for \$1 billion in school renewal. The ministry will also provide \$50 million for \$700 million for confirmed replacement schools once boards have completed capital plans in October.**

## **C. SCHOOL CLOSURE**

Most observers and experts agree that it is what happens at the local school level that matters most to student achievement and progress.

Schools, however, have been underestimated in capital grants, operating grants, guidelines for school closing, and even the curriculum.

In all cases, the ministry believes students would benefit from a transparent process for understanding the value of each individual school. The “school valuation” follows practise in other jurisdictions. It quantifies considerations around a particular school and the trade-offs necessary to make sound decisions that can be appreciated by the wider community.

The new guidelines will require boards to develop their own school valuation tool that weighs each of four sets of considerations about the school:

1. Its value to the student
2. Its value to the community
3. Its value to the school system
4. Its value to the local economy.

The tool will be used to demonstrate the business and education case for potential replacement schools, help shape eligibility for operating grants and be used in school closing procedures. The ministry will provide a template that will contain standards for some essential factors and others that can be adapted to local needs.

There have been “rewards” in capital funding for closing schools which has distorted facility considerations. Some boards felt compelled to close schools in one area to be eligible for new schools in another, even if the sites were far apart. Some boards closed schools prematurely to become eligible for new replacement schools. The ministry will no longer recognize closed schools as creating eligibility for new school grants.

Final decisions about changes to operating funds will be made later this spring. Revisions will be made to improve support for small schools, boards with smaller average school size and high declining enrolment jurisdictions. The revision’s objectives will be to make all schools serving single communities operationally viable, and all the direct support for schools fairer and more transparent.

While much of the funding formula is based on the number of pupils, there is a significant segment, amounting to \$817 million this year, which is set on school level needs. As Table one shows, the support is fragmented. Each grant responds to different criteria.

<u>Table 1: Grants/Allocations</u>	Amount 2004-05 (\$millions)
Distant Schools	96
Remote and Rural	128
Investment in Principals	13
Good Schools Open	31
Declining enrolment	93
Operations Top Up	175
Renewal Top Up	29
Above Average Staff “Surplus”	252
TOTAL	817

For example, while only 37 per cent of schools are large enough to “qualify” for funding of a principal on their own, the grants generate enough additional principal funding to equal 97 per cent of the number of schools. The school valuation will help to better target resources and identify needs.

Based on available research, the ministry does not view school size as an overriding determinant of educational quality. It intends to pursue adaptations to make curriculum easier to deliver in small school settings, as well as pilot projects targeting student retention and outcomes, in small secondary schools.

The funding formula represents a particular challenge for boards that are experiencing high enrolment declines. This group, which includes several rural and northern boards, will specifically be invited to participate in the further refining of capital and operating grants over the next few weeks.



## **New Guidelines**

School closings have proven to be emotionally charged experiences for communities and boards. The past decade has seen a disproportionate share of conflicted discussions as facilities were closed at an accelerated rate. Above all, too many communities have felt isolated from the decision-making process.

In this process, the ministry has provided boards with many options to close existing facilities. The ministry recognizes that schools may still need be closed if the overall needs can be better served. The final decision must continue to be a local board responsibility, but the process can be significantly improved.

Under the new guidelines, boards will be required to strike a school valuation committee led by trustees that includes parents, educators, board officials, and business and municipal leaders to determine the exact measures for the educational and economic value of schools within the system.

### **New School Closure Guidelines**

New school closure guidelines will make school valuation the centre of board and community discussions. The procedures carried out by boards must include the following:

1. A school valuation process determined with the help of a public committee and approved by the ministry.
2. Five-year capital plans that name the potential surplus schools and indicate overall system requirements to meet program needs.
3. One year's notice to school communities of consideration for closure.
4. Schools may only be proposed for closure once in a five-year period, pending legislative approval.
5. A draft of the school valuation in plain language must be made available to the public within two months of providing notice.
6. Several opportunities for public input must be held with wide notice given.
7. A task force is to be appointed. The task force, headed by a trustee, will have broad membership and hold public hearings, soliciting feedback and gaining community consensus.
8. The final school valuation with the committee recommendation must be made available 60 days before the board meeting where the decision will be made and a public meeting must be held to explain the ratings provided.
9. Boards' decisions can be appealed on the grounds of process. Upon receipt of a petition with 50 signatures or 50 per cent of affected parents, whichever is smaller, the ministry will cause an independent facilitator to conduct a review of the process to determine whether it matches provincial guidelines.
10. Boards will be responsible for tracking student retention and performance for students from closed schools.

### **Transitioning To A New Process**

The boards who chose not to observe the provincial moratorium and proceeded with closing decisions are strongly encouraged to review their decision wherever possible in light of the new policies in this document.

Where schools have not been closed yet for decisions made after December 2003, the ministry will automatically conduct a review through an independent facilitator to see if the spirit of the closure guidelines and capital planning process has been met.

## **D. OPEN AND TRANSPARENT DECISION-MAKING**

### **Planning Process**

Good decisions about school buildings and grounds can only be made with long-term planning. These plans should serve as a comprehensive and sustainable forecast for our schools and our communities.

To ensure more accurate demographic projections, more opportunity for public engagement and more consideration for education and community trends, boards will now be required to set and maintain rolling five-year capital plans as a condition of ministry facilities funding. The first of these plans is due in October 2005.

To reduce the administrative burden, the ministry will provide resources and support to assist boards in expressing outcomes. The ministry will not micro-manage this process. The information that will be required will be the kind that is useful to board operations and planning.

### **New Capital Planning**

#### **10-Step Process**

##### **1. Program Objectives**

Outline student program objectives, incorporating provincial objectives and relevant targets. This should include:

- Objectives set by boards pertaining to the *Accessibility for Ontarians with Disabilities Act*. New legislation introduced by the Minister of Citizenship, if passed, would also require meeting a 20-year access goal and five-year target setting
- The relevant findings of school safety audits being completed by local school communities this spring, with assistance from the provincial Safe Schools Action Team.

## **2. Community Engagement**

Public engagement will ensure that communities take full advantage of school facilities and are active participants in long-term school and community planning. Boards will strike a capital planning advisory committee, overseen by trustees, with municipal, school, community and public representation. The committee will help provide feedback from the broader community at an early stage.

## **3. Facilities Needs Plan**

Objectives should be translated into facilities requirements. The requirements should be contrasted to existing facilities to produce a facilities needs plan. Modelling should be done where required to ensure that operational options that will maximize facilities usage, such as boundary adjustments and timetabling changes, are reflected.

## **4. Demographic Projections**

Data should be used to produce a projection of how population trends will influence future facility needs. Boards should work with municipalities and the province to establish realistic medium and long-term trends facing their board. It should be noted that there are reliability issues with longer-term projections.

## **5. Capital Deployment**

Facilities needs should reconcile potential costs against potential financial capacity. They should indicate the status of all physical and financial assets and liabilities and how they are being deployed against capital needs. This includes reserves, debt, dispositions, development charges, etc.

## **6. School Valuation Committee**

A school valuation committee should be struck to set local criteria for understanding a schools education and economic value. The board should conduct school valuations to understand the implications of individual school challenges.

## **7. Partnerships**

The board should actively seek partnership opportunities with co-terminus school boards. The plan should also evaluate partnership opportunities with municipalities, libraries, parks and recreation and other agencies.

## **8. Five-Year Action Plan**

The plan should indicate how The Good Places to Learn fund resources were used in the first and second phases. School valuations should be conducted for schools that are candidates for replacement if applicable.

The plan should indicate concretely:

- Five-year renewal plans from regular funding using life-cycle planning
- New schools planned under New Pupil Places or other sources
- Identify schools that will be subject to school valuations

- Identify schools that may be subject to school closing procedures
- Identify schools that may be available for regional use
- Direct and indirect implications for operational grants from facilities decisions. The plan should clearly identify challenges where facilities are causing program limitations.

## 9. Community Input on Action Plan

The action plan should be submitted for public consumption prior to board approval.

## 10. Board approval

### **Ministry Role**

The ministry will provide enhanced support to boards' capital planning efforts. The ministry will centralize resources for demographic data, information about building materials and processes and other planning resources.

Once capital plans are complete, the ministry will review and approve them. The plans will be a basis to talk back to the ministry in areas where a board may feel particular or unique need and where facilities "gaps" may exist outside of existing provisions.

The ministry will offer a "regional reconciliation" of the plans of co-terminus boards to ensure that plans are examined and that assets are being utilized to their full potential and benefiting students in a given area. The ministry will provide incentives for partnerships and transfer of surplus properties. It will also seek incentives and develop partnerships with other ministries.

Boards must maintain provincial databases and submit an annual report on their capacity to support programs. The ministry will also publish a report of board plans and annual reports on provincial status and its own actions.

### **Potential Role for Municipalities**

With the assistance of the Ministry of Municipal Affairs and Housing, the ministry will initiate an open dialogue with municipalities and boards to better define mutual responsibilities with respect to facilities and development.

## **E. Building Better Value**

The ministry proposes that major changes to the existing grant and accountability processes are needed to ensure adequate and equitable funding, efficient use of existing space, efficient and economical planning, design and construction of schools and cost-effective maintenance and repair of schools.

### **Perspective**

The Good Places to Learn fund addresses the inadequacies of the controls that were in place to protect school assets from deteriorating. With this investment, we are stating a preference for refurbishing buildings rather than building new ones.

The value of existing buildings is not always recognized. As a result, the true cost of decisions to close or build are not always apparent. A measure of their value as it impacts on learning will be developed.

### **Cost of New Schools**

There has been a very substantial cost to pay for the enrolment growth taking place in some parts of the province.

In 1996, an independent study predicted that there would be modest growth and a cost of \$1.3 to \$2.2 billion to pay for the student spaces required by 2011. In fact, there has been no overall growth but over \$5 billion in spaces have been built or authorized by 2005. It also means that 57 per cent of annual capital spending is tied up servicing new spaces for 12 per cent of students.

Left unchanged, each new space costs about \$1,300 per year for each additional space for 25 years.

### **Financing**

The New Pupil Places grant (NPP) is based on the cost of building spaces over 25 years at an interest rate of 8 per cent. Board financing costs are actually much less. Boards are able to arrange long term financing for around 5 per cent and short term financing for under 3 per cent.

Due to the structure of the grant, the ministry stands to pay \$109 million in NPP grants this year alone to boards for additions and schools that are not yet being built. As a result, board capital reserves for NPP have risen by 56 per cent over the past four years. The total capital reserves of boards have now reached \$853 million, 60 per cent of which are with 10 school boards.

The minority of boards that are eligible for NPP grants were able to build additional or higher-cost schools and additions, pay debts faster or add to their reserves as a result. Many of these boards have managed their resources well, but some bond-rating agencies have noted concerns about others.

A key finding is that the provincial government is paying more than it needs to, to the direct detriment of the vast majority of students who needed capital support but whose boards have not been eligible for it. In accepting the grant inefficiencies, the previous system was effectively paying a large premium to keep school board debt off of provincial books.

Another result is that building decisions have often been isolated into narrow discussions of efficiency and location that can overwhelm both effectiveness and the real economics of education. There has been no way to measure the contribution of existing buildings or capital expenditure to better educational outcomes.

**To Build Better Value for Facilities Expenditures:**

1. The ministry will institute new rules for capital funding requiring integrated capital plans before any major commitments are made.
2. The ministry will ensure sufficient support for existing capital debt financing for all schools and additions that are completed or underway.
3. For any projects not yet underway, the ministry will:
  - Fund boards once the funds are actually required for a specific project
  - Support financing at the rate available at the time the building obligation is incurred.
4. A new board/ government task force will confirm the most effective school capital financing mechanism going forward. Options will include financing by the province, school board consortia (some of which exist today), or a new joint body. Savings will be determined once decisions are finalized.
5. Spending from the Good Places to Learn Fund has to meet certain criteria. The funds are only granted based on “high and urgent need” renewal projects in school buildings that are part of a board’s long-range plans. Boards can choose the projects but the funds may not be used for other capital needs.
6. An inter-board project team will be established to assist developing bulk bidding/purchasing by boards who are not already part of appropriate regional and provincial consortia for major repair contracts.
7. A public report will have to be completed at the conclusion of the planning and the execution of both phases of renewal and new school buildings and additions.

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**Your** feedback is welcome and solicited. It should be directed to:

Gerard Kennedy, Minister of Education, 900 Bay Street, Toronto, ON, M7A 1L2  
minister@edu.gov.on.ca