

Capital Funding Models

1 of 4

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1. Purpose

To provide information to Trustees regarding the changes to the Capital Funding Models for the provision of new schools and additions that have occurred over the years to present day.

2. Background

2.1 Prior to 1998, Boards were required to submit to the Ministry of Education, Capital Expenditure Forecasts (CEF) which outlined the needs for new schools, additions, and RCM's (relocatable modular structures). The Ministry would review the needs of Boards on a province-wide basis, and approve individual Board capital projects based on the provincial budget available.

2.2 In 1998, a new student focussed funding model was introduced. With this model all schools across the province were assessed by the Ministry of Education to determine the recognized permanent capacity of the school. Boards were given annual New Pupil Place Grants based on the difference between enrolment and the permanent capacity. The avenues for Boards to increase funding were to have an increase in enrolment, or to have a decrease in capacity. Boards approved their own Capital Plans and did not require Ministry approval for each project.

2.3 Since 2004, the Ministry's funding announcements related to capital plans have been segmented and have also evolved over time. Three avenues of compartmentalized funding are currently available to the Durham District School Board to finance only portions of Board Capital Plans:

## 2. Background (Continued)

### 2.3 Continued

- (i) Growth Schools Funding - A grant for new schools and additions in geographical areas of growth, where an education development charge by-law is in place, and where the boards have no available New Pupil Place funds to finance the project. On March 19, 2007 a memo from the Ministry of Education provided guidelines for school boards to submit business cases to the Ministry for funding consideration, for the construction of growth schools and additions for the 2008/2009 school year. It is required that there be an average facility utilization of 80% or greater, over the 10 year period commencing the second year of the operation of the school. Boards are required to submit business cases to outline how each proposed school or addition qualifies for the funding. Currently the financing is available pending Ministry approval for projects to be completed in the next two years ending in 2009/2010. It is expected that this funding process will be extended to further years.
  
- (ii) Primary Class Size (PCS) Funding - Granted to Boards to accommodate the Ministry's requirement for smaller pupil-teacher ratios in the primary grades. The Funding must be used to address capital costs related to primary class size accommodation. The funding is specific to each Board's need based on capacity and enrolment in primary grades. This is 'one-time' funding.
  
- (iii) Prohibitive to Repair (PTR) Funding - Related to schools with costly renewal needs. The factors considered are: the amount of renewal needs identified in the Ministry's RECAPP analysis updated by any new information, as well as the alternatives for accommodation of the students currently attending the school. The needs of all boards are being considered province-wide. The process for PTR funding is evolving and is more complex than the growth school scenarios. At this

## 2. Background (Continued)

### 2.3 Continued

#### (iii) Continued

time information regarding PTR funding is being relayed to Board's verbally. In anticipation of further written instructions surrounding the PTR funding process, it is prudent for the DDSB not to outpace Ministry of Education announcements in this area. As such, possible projects associated with PTR funding will proceed at a slower rate than the growth scenarios.

## 3. Analysis

- 3.1 The capital funding change in 2005 which eliminated the reduction in capacity and related increase in New Pupil grants has meant that there is no direct financial capital funding benefit from school closures. Operational savings may be achieved, however, with the exception of some Prohibitive to Repair designated schools, the Boards do not receive a directly related capital grant for closing a school. The Ministry has provided guidelines for school closure policies which outline very stringent procedures to follow for school closures. The Durham District School Board updated the School Consolidation and Closure Policy in May of 2007, in accordance with Ministry of Education guidelines.
- 3.2 As a result of the compartmentalized funding, Boards are able to access capital funding segments only when they are offered by the Ministry.
- 3.3 Further information must be received from the Ministry of Education surrounding both the process of the funding flow for identified projects, as well as ensuring future needs can be identified to the Ministry in sufficient timeline to allow for an orderly School Board construction process.

4. Conclusion

This report is presented for information purposes.

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