



FINANCE & OPERATIONS COMMITTEE OF THE WHOLE

MONDAY, JANUARY 18, 2021

10:30 to noon

via zoom

Mandate:

To discuss and make recommendations to the board on financial matters and matters pertaining to facilities, maintenance, technology and transportation.

AGENDA

Facilitator: Trustee Flynn

Join Zoom Meeting

<https://sd69-bc-ca.zoom.us/j/6366023344?pwd=Sml0c0JOaEU2WnZFRk45M3FTVHVuZz09>

Meeting ID: 636 602 3344

Passcode: 393760

1. **ACKNOWLEDGEMENT OF TRADITIONAL TERRITORIES**
2. **PRESENTATION**
3. **PROJECT UPDATES**
 - a. Oceanside Community Track at Ballenas (Elaine)
 - b. Arrowview Elementary Child Care Project/Building (Chris)
4. **ITEMS FOR DISCUSSION**
 - a. Operations & Maintenance Department Update (Chris)
 - b. Network Update (Lesley)
 - c. 2021/22 Annual Budget Process (Ron) *attachment*
5. **ITEMS FOR RECOMMENDATION TO THE BOARD**
 - a. 2020/21 Amended Annual Budget (Ron) *attachment*
6. **INFORMATION ITEMS**
 - a. Financial Summary (December 31 actual) (Ron) *attachment*
 - b. COVID-19 Costs (December 31 actual) (Ron) *attachment*
 - c. BCSTA – The Case for Increased School Life Cycle Funding (Eve) *attachment*
7. **FUTURE TOPICS**
8. **NEXT MEETING DATE:**
Tuesday, February 16 at 10:30; Via Zoom (change in day due to Family Day)
9. **ADJOURNMENT**

2021-2022 Budget Process Schedule

January/February: Senior Staff Compile Enrolment Projections & Staffing Needs

February 2, 2021	Monthly Administrators Meeting	Time: 1:30 pm
Location:	ZOOM	
Purpose:	To review Year to Date for 2020-2021, provide a general overview to 2021-2022 including projections and general staffing levels, discuss budget meeting schedule, discuss obligations and restraints, and identify two PVP to attend Feb 20 Budget Discussion with Stakeholders	

Compile List of Priorities/Options/Staffing Needs Due to Projections

February 10, 2021	Trustees/Senior Staff Budget Working Session	Time: 2:00 to 4:00 pm
Location:	ZOOM	
Purpose:	Budget goal-setting exercise	

February 17/2021	Budget Discussion - Trustees/District and School Administration meet with MATA/CUPE/DPAC Representatives	Time: 1:00 to 3:00 pm
Location:	ZOOM	
Purpose:	To review Year to Date for 2020-2021, provide a general overview to 2021-2022 which will include projections, staffing levels, obligations and restraints and will also allow for stakeholder input. Members of the public are welcome to attend and provide comments/ask questions at the end of the meeting.	

February 17/21	Staff/Public Budget Information Sessions with Trustees and Senior Staff	Time: 5:00 pm
Location:	ZOOM	
Purpose:	Following the input received from the stakeholders meeting earlier in the day, attendees will receive the same overview and have an opportunity to provide the Board with input as to District budget priorities.	

February 23, 2021	Regular Board Meeting	Time: 6:00 pm
Location:	ZOOM	

March 6/2021	Departments Submit Draft Budgets to Secretary-Treasurer	
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March 9/2021	Regular Board Meeting	Time: 6:00 pm
Location:	ZOOM	

March 13/20 Funding Announcement

March 16-27 Spring Break Period

April 6/2021	Monthly Administrators Meeting	Time: 1:30 pm
Location:	ZOOM	
Purpose:	All administrative staff to review revised funding and priority list	

April 13/2021	Trustees/District and School Administration meet with MATA/CUPE/DPAC Representatives	Time: 1:00 to 3:00 pm
Location:	ZOOM	
Purpose:	To review draft budgets in comparison to preliminary revenues. Members of the public are welcome to attend and provide comments/ask questions at the end of the meeting.	

Additional Board/Senior Staff Budget Discussions as Required

April 20/2021	Location: Special Public Budget Meeting	Time: 6:00 pm
Location:	ZOOM	
Purpose:	To review draft budget	

April 27/2021	Regular Board Meeting	Time: 6:00 pm
Location:	ZOOM	
Purpose:	Adopt 2021-2022 Preliminary Annual Operating Budget	

SCHOOL DISTRICT NO. 69 (QUALICUM)
2020-21 Amended Budget Summary

2021-01-14

	2020/21			Comments
	Annual Budget	Amended Budget	Difference	
REVENUE				
PROVINCIAL GRANTS				
Operating Grant	43,844,035	44,146,379	302,344	incr. from recal
Other MOE Grants-Additional grant	426,341	426,341	0	
Other MOE Grants-Pay Equity	936,176	936,176	0	
Other MOE Grants-Misc		1,321,056	1,321,056	Labr settmt-grid/bens/mentor
TOTAL MINISTRY OF ED GRANTS	45,206,552	46,829,952	1,623,400	
OTHER REVENUES				
Other Provincial Revenues	101,450	110,000	8,550	ITA/MCFD
Offshore Tuition	2,000,000	1,000,000	-1,000,000	decr enrolment to 45 FTE
Miscellaneous	140,000	140,000	0	Prog fees/bus pass
Rental and Leases	550,000	550,000	0	
Investment Income	190,000	190,000	0	
TOTAL OTHER REVENUE	2,981,450	1,990,000	-991,450	
TOTAL REVENUES	48,188,002	48,819,952	631,950	
EXPENDITURES				
SALARIES AND BENEFITS				
Teachers	18,087,561	18,681,515	593,954	impact of Labr settlement
Principals and Vice Principals	3,370,773	3,530,584	159,811	change for P-IT
Educational Assistants	3,739,569	3,694,131	-45,438	
Support Staff	5,176,880	5,091,281	-85,599	
Other Professionals	1,590,125	1,578,493	-11,632	
Substitutes	1,579,886	1,739,942	160,056	impact of Labr settlement
Benefits	8,888,791	9,149,589	260,798	impact of Labr settlement
TOTAL SALARIES AND BENEFITS	42,433,585	43,465,535	1,031,950	
Benefits as a % of Total Salaries	26.5%	26.7%		
SUPPLIES AND SERVICES				
Services	2,175,130	1,775,130	-400,000	ISP decr enrol-homestay
Training and Travel	519,085	419,085	-100,000	ISP decr enrol-travel/prog
Rental and Leases	5,000	5,000	0	
Dues and Fees	71,000	71,000	0	
Insurance	164,000	164,000	0	
Supplies	1,765,652	1,565,652	-200,000	ISP decr enrol-dist supplies
Utilities	936,000	936,000	0	
Capital Equipment	418,550	418,550	0	
TOTAL SUPPLIES AND SERVICES	6,054,417	5,354,417	-700,000	
TOTAL EXPENDITURES	48,488,002	48,819,952	331,950	
NET REVENUE (EXPENDITURE)	-300,000	0		
Budgeted Use of Surplus	300,000			
Surplus (Deficit), for the Year	0	0		

SCHOOL DISTRICT NO. 69 (QUALICUM)
2020-21 Amended Budget Summary

2021-01-14

	2020/21			Comments
	Annual Budget	Amended Budget	Difference	
Regular Instruction	22,218,624	22,908,913	690,289	impact of Labr Settlement
Career Programs	682,165	703,483	21,318	"
Library Services	1,149,074	1,158,336	9,262	"
Counselling	1,027,045	981,330	-45,715	"
Special Education	6,847,812	7,030,196	182,384	"
English as a Second Language	81,677	87,889	6,212	"
Aboriginal Education	711,717	731,778	20,061	"
School Administration	3,924,723	3,885,671	-39,052	
Continuing Education	0	0	0	
Off Shore Students	1,837,241	1,297,919	-539,322	decr enrol-travel/prog
Other	49,194	50,267	1,073	
Function 1 - Instruction	38,529,272	38,835,782	306,510	
<u>DISTRICT ADMINISTRATION</u>				
Educational Administration	670,240	656,975	-13,265	
School District Governance	212,115	215,358	3,243	
Business Administration	1,352,172	1,351,241	-931	
Function 4 - District Administration	2,234,527	2,223,574	-10,953	
<u>OPERATIONS AND MAINTENANCE</u>				
Operations and Maintenance Admin	593,920	606,444	12,524	
Maintenance Operations	3,633,573	3,634,692	1,119	
Maintenance of Grounds	324,237	325,920	1,683	
Utilities	1,056,000	1,056,000	0	
Capital Equipment	418,550	418,550	0	
Function 5 - Operations and Maint	6,026,280	6,041,606	15,326	
<u>TRANSPORTATION AND HOUSING</u>				
Transportation and Housing Admin	158,707	160,594	1,887	
Student Transportation	1,521,216	1,540,396	19,180	
Housing/Boarding	18,000	18,000	0	
Function 7 - Transportation and Housing	1,697,923	1,718,990	21,067	
TOTAL FUNCTION 1-7	48,488,002	48,819,952	331,950	
<u>Special Purpose Fund (SPF) Budget</u>				
Annual Facility Grant	199,346	199,346	0	
Learning Improvement Fund	158,680	158,680	0	
Service Delivery/Coding				
Classroom Enhancement Fund	3,252,953	3,724,787	471,834	remaining CEF
School Generated Funds				
Strong Start	96,000	103,926	7,926	SS/ELF/CR4YC
Ready, Set, Learn	19,600	19,600	0	TOU
French Funds	101,323	97,565	-3,758	adj
Provincial Safe Return	311,500	311,500	0	
Federal Safe Return	792,176	862,976	70,800	Phase 1 plus H/B
Mental Health	55,000	55,000	0	
Community Link	380,322	380,322	0	
Special Purpose Funds-Total Expenses	5,366,900	5,913,702	546,802	

SCHOOL DISTRICT NO. 69 (QUALICUM)
2020-21 Financial Summary

2021-01-14

	2019/20				2020/21			
	Amended Budget	YTD Dec-19	% of Annual	Actual	Annual Budget	Amended Budget	YTD Dec-20	% of Annual
REVENUE								
PROVINCIAL GRANTS								
Operating Grant	42,851,790	17,660,049	41.2%	42,927,094	43,844,035	44,146,379	18,823,686	42.6%
Other MOE Grants-Additional grant	784,115		0.0%	784,115	426,341	426,341		0.0%
Other MOE Grants-Pay Equity	936,176	30,519	3.3%	936,176	936,176	936,176	30,520	3.3%
Other MOE Grants-Misc	347,240		0.0%	828,444		1,321,056		0.0%
TOTAL MINISTRY OF ED GRANTS	44,919,321	17,690,568	40.5%	45,475,829	45,206,552	46,829,952	18,854,206	40.3%
OTHER REVENUES								
Other Provincial Revenues	120,000	70,840	59.0%	146,391	101,450	110,000	55,007	50.0%
Offshore Tuition	4,100,000	2,352,489	57.4%	3,829,455	2,000,000	1,000,000	892,539	89.3%
Miscellaneous	140,000	74,555	53.3%	152,848	140,000	140,000	27,113	19.4%
Rental and Leases	650,000	681,291	104.8%	653,214	550,000	550,000	567,360	103.2%
Investment Income	290,000	161,007	55.5%	222,467	190,000	190,000	67,542	35.5%
TOTAL OTHER REVENUE	5,300,000	3,340,182	63.0%	5,004,375	2,981,450	1,990,000	1,609,561	80.9%
TOTAL REVENUES	50,219,321	21,030,750	41.9%	50,480,204	48,188,002	48,819,952	20,463,767	41.9%
EXPENDITURES								
SALARIES AND BENEFITS								
Teachers	18,470,644	7,497,791	40.6%	19,318,832	18,087,561	18,681,515	7,777,646	41.6%
Principals and Vice Principals	3,241,128	1,603,805	49.5%	3,297,304	3,370,773	3,530,584	1,766,537	50.0%
Educational Assistants	3,826,735	907,531	23.7%	3,786,620	3,739,569	3,694,131	1,334,075	36.1%
Support Staff	5,147,352	1,398,385	27.2%	5,250,800	5,176,880	5,091,281	2,456,475	48.2%
Other Professionals	1,761,336	2,318,515	131.6%	1,767,748	1,590,125	1,578,493	754,124	47.8%
Substitutes	1,574,898	786,323	49.9%	1,440,896	1,579,886	1,739,942	621,482	35.7%
Benefits	9,062,921	3,587,797	39.6%	8,979,756	8,888,791	9,149,589	3,551,034	38.8%
TOTAL SALARIES AND BENEFITS	43,085,014	18,100,147	42.0%	43,841,956	42,433,585	43,465,535	18,261,373	42.0%
Benefits as a % of Total Salaries	26.6%	24.7%		25.8%	26.5%	26.7%	24.1%	
SUPPLIES AND SERVICES								
Services	3,045,630	1,528,466	50.2%	2,639,084	2,175,130	1,775,130	626,833	35.3%
Training and Travel	579,085	243,233	42.0%	410,577	519,085	419,085	124,174	29.6%
Rental and Leases	5,000	1,562	31.2%	3,235	5,000	5,000	5,125	102.5%
Dues and Fees	71,000	45,209	63.7%	69,879	71,000	71,000	47,536	67.0%
Insurance	164,000	140,691	85.8%	139,686	164,000	164,000	167,893	102.4%
Supplies	2,176,392	786,835	36.2%	2,231,575	1,765,652	1,565,652	658,402	42.1%
Utilities	1,016,000	366,341	36.1%	882,392	936,000	936,000	345,938	37.0%
Capital Equipment	418,550	468,310	111.9%	252,874	418,550	418,550	105,323	25.2%
TOTAL SUPPLIES AND SERVICES	7,475,657	3,580,647	47.9%	6,629,302	6,054,417	5,354,417	2,081,224	38.9%
TOTAL EXPENDITURES	50,560,671	21,680,794	42.9%	50,471,258	48,488,002	48,819,952	20,342,597	41.7%
NET REVENUE (EXPENDITURE)	-341,350	-650,044		8,946	-300,000	0	121,170	
Budgeted Use of Surplus	341,350	0			300,000		0	
Surplus (Deficit), for the Year	0	-650,044		8,946	0	0	121,170	

SCHOOL DISTRICT NO. 69 (QUALICUM)
2020-21 Financial Summary

2021-01-14

	2019/20				2020/21			
	Amended Budget	YTD Dec-19	% of Annual	% of Actual	Annual Budget	Amended Budget	YTD Dec-20	% of Annual
Regular Instruction	22,675,706	9,280,832	40.9%	23,180,940	22,218,624	22,908,913	9,366,711	40.9%
Career Programs	703,629	314,852	44.7%	679,513	682,165	703,483	287,351	40.8%
Library Services	1,135,564	448,751	39.5%	1,139,684	1,149,074	1,158,336	456,616	39.4%
Counselling	1,015,065	386,333	38.1%	1,020,731	1,027,045	981,330	377,787	38.5%
Special Education	7,030,187	2,765,381	39.3%	6,967,382	6,847,812	7,030,196	2,706,443	38.5%
English as a Second Language	80,877	33,351	41.2%	84,251	81,677	87,889	35,509	40.4%
Aboriginal Education	692,825	252,355	36.4%	687,300	711,717	731,778	245,665	33.6%
School Administration	3,784,775	1,820,089	48.1%	3,847,563	3,924,723	3,885,671	1,812,151	46.6%
Continuing Education	-	-	-	-	0	0	-	-
Off Shore Students	3,128,722	1,378,544	44.1%	2,676,110	1,837,241	1,297,919	612,628	47.2%
Other	47,172	23,542	49.9%	45,161	49,194	50,267	24,645	49.0%
Function 1 - Instruction	40,294,522	16,704,030	41.5%	40,328,635	38,529,272	38,835,782	15,925,506	41.0%
<u>DISTRICT ADMINISTRATION</u>								
Educational Administration	745,092	357,976	48.0%	690,633	670,240	656,975	276,276	42.1%
School District Governance	209,080	120,270	57.5%	197,612	212,115	215,358	105,546	49.0%
Business Administration	1,359,478	794,589	58.4%	1,510,236	1,352,172	1,351,241	663,519	49.1%
Function 4 - District Administration	2,313,650	1,272,835	55.0%	2,398,481	2,234,527	2,223,574	1,045,341	47.0%
<u>OPERATIONS AND MAINTENANCE</u>								
Operations and Maintenance Admin	565,561	307,185	54.3%	515,076	593,920	606,444	260,872	43.0%
Maintenance Operations	3,831,975	1,781,977	46.5%	4,274,285	3,633,573	3,634,692	1,865,692	51.3%
Maintenance of Grounds	319,667	147,092	46.0%	319,806	324,237	325,920	138,147	42.4%
Utilities	1,136,000	366,341	32.2%	977,920	1,056,000	1,056,000	345,938	32.8%
Capital Equipment	418,550	467,730	111.8%	252,874	418,550	418,550	105,323	25.2%
Function 5 - Operations and Maint	6,271,753	3,070,325	49.0%	6,339,961	6,026,280	6,041,606	2,715,972	45.0%
<u>TRANSPORTATION AND HOUSING</u>								
Transportation and Housing Admin	163,605	61,732	37.7%	135,172	158,707	160,594	74,415	46.3%
Student Transportation	1,499,141	564,372	37.6%	1,250,252	1,521,216	1,540,396	572,119	37.1%
Housing/Boarding	18,000	7,500	41.7%	18,757	18,000	18,000	9,243	51.4%
Function 7 - Transportation and Housing	1,680,746	633,604	37.7%	1,404,181	1,697,923	1,718,990	655,777	38.1%
TOTAL FUNCTION 1-7	50,560,671	21,680,794	42.9%	50,471,258	48,488,002	48,819,952	20,342,596	41.7%
<u>Special Purpose Fund (SPF) Budget</u>								
Annual Facility Grant	199,346	46,848	23.5%	199,346	199,346	199,346	28,100	14.1%
Learning Improvement Fund	157,126	79,261	50.4%	157,126	158,680	158,680	54,449	34.3%
Service Delivery/Coding								
Classroom Enhancement Fund	3,702,009	1,446,341	39.1%	3,702,009	3,252,953	3,724,787	1,310,059	35.2%
School Generated Funds								
Strong Start	96,000	20,158	21.0%	96,474	96,000	103,926	29,697	28.6%
Ready, Set, Learn	19,600	4,113	21.0%	19,892	19,600	19,600	286	1.5%
French Funds	101,323	25,796	25.5%	87,303	101,323	97,565	37,450	38.4%
Provincial Safe Return					311,500	311,500	162,677	52.2%
Federal Safe Return					792,176	862,976	750,230	86.9%
Mental Health					55,000	55,000	1,369	2.5%
Community Link	375,902	84,530	22.5%	375,902	380,322	380,322	78,690	20.7%
Special Purpose Funds-Total Expenses	4,651,306	1,707,047	36.7%	4,638,052	5,366,900	5,913,702	2,453,007	41.5%

Summary of COVID related costs - Actual to December 31, 2020

Overall costs: Operating and Provincial/Federal Funds:

	2020/21 - to Dec 31		2019/20		Comments
	Increase Costs	Savings*	Increased Costs	Savings	
Salaries	(521,659)		(128,082)	157,480	custodial/teachers
Benefits	(33,600)		(31,883)	42,520	
Supplies	(128,001)		(56,393)		
Utilities	(32,000)				
Other	(200,250)				technology eqp
Revenues					
Tuition	(1,500,000)		(168,750)		loss of ISP students
Other revenue	(25,000)				courtesy riders
Rentals and Leases	(45,000)		(61,629)		
	<u>(2,485,510)</u>	<u>-</u>	<u>(446,737)</u>	<u>200,000</u>	

* not yet quantified

Provincial - Safe Return to School Grant:

	Funding	Actual 31-Dec	Remaining	Comments
Staff time for cleaning	166,994	45,079	121,915	2.0 Custodians
Access to hand hygiene	66,580	46,696	19,884	
Cleaning supplies	37,029	35,501	1,528	
Face mask and shields	16,437	13,404	3,033	
Technology	24,460	21,997	2,463	50 iPads
	<u>311,500</u>	<u>162,677</u>	<u>148,823</u>	

Federal - Safe Return to School Grant:

	Funding	Actual 31-Dec	Comments
Phase 1	<u>792,176</u>		
Phase 2		<u>792,176</u>	
<u>Education Program Delivery:</u>			
Staffing	400,000	283,480	support for the home support model
Ed Program-DL		72,000	support for the DL model
Mental Health supports		33,600	S/W and EA-HS support
Technology	200,000	200,250	120 laptops for staff and students, software
<u>Health and Safety</u>			
Enhanced Cleaning	92,176	42,000	Custodial staff in schools/Daytime cleaning
Supplies	100,000	32,400	Includes sprayer/fogger equipment
HVAC		32,000	Filters and ventilation
<u>Transportation</u>			
Enhanced Cleaning		18,000	
Technology for ridership		9,000	Safe Arrival S/W
<u>Before and afterschool childcare</u>			
Enhanced Cleaning		27,500	Custodial staff for childcare centres
	<u>792,176</u>	<u>750,230</u>	



THE CASE FOR INCREASED SCHOOL LIFE CYCLE FUNDING

a report from the BC School Trustees Association | December 2020

Introduction

Life cycle maintenance refers to the work which must be completed over the “life” of a building to ensure it remains in peak operating condition. A roof may need to be replaced a few times over the typical 50 to 60 year life of a public school building, as will mechanical and electrical systems. Structural and building envelope upgrading may also be required. This is not an exhaustive list but serves to provide examples of the type of work included in life cycle maintenance.

By all accounts B.C. schools suffer from an ever-increasing level of deferred life cycle maintenance. Several measures of this situation are offered in the following pages. One critical measure suggests the shortfall in 2020 needed to address deferred maintenance in the public school system is \$360M (see Figure 1, page 3).

The intent of this paper is to define the problem and make recommendations for consideration by government to correct the shortfall.

The context of these recommendations is also worthy of consideration given the need for economic recovery following the COVID-19 pandemic and the potential for significant infrastructure investments to fuel that recovery.

Premier Horgan’s November 2020 mandate letter to Minister of Education Jennifer Whiteside offers additional context. The letter directs the minister to “continue to invest in new and modernized schools, including focussing on meeting seismic requirements and climate change and energy efficiency standards as set out in our Clean BC plan.”

In 2020 the education routine capital program for schools totaled \$181M. By comparison the value of repairs and upgrades recommended by building system engineers engaged by the Ministry of Education was \$541M.

Summary of Recommendations

1. That a building life cycle plan be developed for each new public school facility at the time of construction including an indication of the annual contributions necessary to fully implement the plan over time.
2. That the Annual Facilities Grant (currently \$115M) be increased by:
 - a. inflation (currently roughly 2%), plus
 - b. an amount equivalent to the annual contribution necessary to implement the detailed life cycle plan for new buildings (roughly 3%) and
 - c. a minimum of 15% for “catch up” each year amounting to a minimum of \$139.5M in 2021/22, \$168.5M in 2022/23, \$203.6M in 2023/24, \$246M in 2024/25, etc., noting that annual increases should continue until the recommended deferred maintenance costs can be covered.
3. That School Enhancement Program funding (currently \$64M) be increased by:
 - a. inflation (currently roughly 2%) and
 - b. a minimum of 15% for “catch up” each year amounting to a minimum of \$75M in 2021/22, \$88M in 2022/23, \$103.2M in 2023/24 and \$121M in 2024/25, etc., noting that annual increases should continue until the recommended immediate deferred maintenance costs can be covered and
4. That the Carbon Neutral Capital Program be increased a minimum of 25% each year amounting to \$20.9M in 2021/22, \$26.1M in 2022/23, \$32.6M in 2023/24, \$40.8M in 2024/25 .
5. That the provincial government carry out the required research to identify appropriate technologies and determine the funding required to achieve provincial government energy conservation objectives for existing public buildings outlined in the Clean BC program; and further, that the provincial government work with the federal government to provide the necessary funding to achieve those objectives.
6. That the need for more up-to-date learning environments to support student success and the level of accumulated deferred maintenance both be given greater consideration in the decision-making process about whether to complete major renovations or replace school buildings as they approach the end of their useful life.

Background

Deferred Maintenance

Figure 1 (below) identifies historic routine capital program allocations, deferred maintenance recommended within 1 year, deferred maintenance recommended within 5 years, and the change in the average provincial facility condition index (FCI) of school facility assets.

The listed capital programs in Figure 1 include the Annual Facilities Grant (AFG), the Carbon Neutral Capital Program (CNCP), the School Enhancement Program (SEP) and the Building Envelope Program (BEP) all of which contribute to addressing facility life cycle maintenance requirements. It will be noted Figure 1 captures a long term trend toward poorer conditions in school buildings, along with a growing estimate of unfunded immediate deferred maintenance costs (a \$360M shortfall in 2020).

Year	EDUC Routine Capital Program Allocations (AFG, BEP, CNCP, SEP)	Immediate Deferred Maintenance (Cost of repairs and upgrades recommended within 1 year)	Total Deferred Maintenance (Cost of repairs and upgrades recommended within 5 years)	Average Provincial FCI - New Condition (0.00) to Very Poor Condition (1.00)
2020	\$181M	\$541M	\$7.94B	0.47
2019	\$169M	\$591M	\$7.64B	0.44
2018	\$170M	\$396M	\$6.70B	0.43
2017	\$155M	\$343M	\$6.28B	0.43
2016	\$172M	\$332M	\$6.26B	0.42
2015	\$152M	\$305M	\$6.09B	0.42
2014	\$98M	\$296M	\$5.98B	0.41
2013	\$98M	\$254M	\$5.41B	0.38
2012	\$96M	\$236M	\$5.38B	0.37

figure 1 - Source: Ministry of Education

Capital Maintenance Project Requests/ Allocations

Figure 2 (below) documents shortfalls in each of several capital programs over the past five years.

The number of projects and funding for requests beyond the actual number of projects and funding provided by the ministry are reported for

- the Carbon Neutral Capital Program (CNCP),
- the School Enhancement Program (SEP),
- the Bus Acquisition Program (BUS) and
- the Playground Equipment Program (PEP).

All of these programs indicate the inadequacy of current levels of funding. Full program descriptions are available [here](#).

Unlike other programs listed in Figure 2, the Annual Facilities Grant is based on what is provided to districts by formula. Districts seek approval from the ministry on how they intend to use their AFG allocation. The best indication of an AFG shortfall is that provided in Figure 1. Figure 3 (page 5) provides another indication of less than adequate AFG funding.

The Building Envelope Program (BEP) identified in Figure 1 is not listed in Figure 2. We are advised the annual funding provided for this program amounts to approximately \$10M each year and is intended to address building envelope issues arising during the “leaky condo” years and will be phased out over time as they are addressed. Some additional funding for this purpose has been provided through litigation.

figure 2 - Source: Ministry of Education

2020/21

AFG	2993 projects submitted in district spending plans, \$113.5M total allocated
BUS	165 project requests valued at \$24.2M. 101 projects approved for \$14.6M.
CNCP	124 project requests valued at \$40M. 67 projects approved for \$16.7M.
PEP	137 projects requests valued at \$12M. 40 projects approved for \$5M.
SEP	413 project requests valued at \$207.8M, 164 projects approved for \$64M

2019/20

AFG	2768 projects submitted in district spending plans, \$113.5M total allocated
BUS	148 project requests valued at \$21.8M. 87 projects approved for \$12.8M.
CNCP	112 project requests valued at \$36.3M. 19 projects approved for \$5M.
PEP	146 requests valued at \$14M. 50 projects approved for \$5M.
SEP	431 requests valued at \$219.5M. 138 projects approved for \$65M.

2018/19

AFG	2605 projects submitted in district spending plans, \$113.5M total allocate
BUS	123 project requests valued at \$16.M. 93 projects approved for \$13M.
CNCP	90 project requests valued at \$26.5M. 19 projects approved for \$5M.
PEP	158 project requests valued at \$15M. 51 projects approved for \$5M.
SEP	415 project requests valued at \$145M. 175 projects approved for \$65M.

2017/18

AFG	2704 projects submitted in district spending plans, \$108.5M total allocated
BUS	134 project requests valued at \$16.2M. 73 projects approved for \$10M.
CNCP	91 project requests valued at \$30.6M. 15 projects approved for \$5M.
SEP	346 project requests valued at \$167M. 130 projects approved for \$55M.

2016/17

AFG	2123 projects submitted in district spending plans, \$108.5M total allocated
BUS	126 project requests valued at \$16M. 73 projects approved for \$10.8M.
CNCP	85 project requests valued at \$22.2M. 25 projects approved for \$5M.
SEP	462 project requests valued at \$277.3M. 146 projects approved for \$70M.

Annual Facility Grant

Figure 3 tracks changes in the Annual Facilities Grant since 2002 indicating increases in that specific area of funding have risen by far less than inflation even though capital costs have risen significantly during that same period. The number of buildings in the system has also increased since 2002.

figure 3 - Source: Ministry of Education

2002/03.....	\$100.0M
2003/04.....	\$100.7M
2004/05.....	\$110.0M
2005/06.....	\$110.0M
2006/07.....	\$110.0M
2007/08.....	\$110.0M
2008/09.....	\$110.7M
2009/10.....	\$56.0M
2010/11.....	\$54.0M
2011/12.....	\$110.0M
2012/13.....	\$110.5M
2013/14.....	\$110.5M
2014/15.....	\$110.5M
2015/16.....	\$110.5M
2016/17.....	\$110.5M
2017/18.....	\$115.5M
2018/19.....	\$115.5M
2019/20.....	\$115.5M
2020/21.....	\$115.5M

Compare these figures to the worsening facility condition index reported in Figure 1 and the basis of the problem becomes clear.

The result of underfunding public school life cycle funding is that many BC schools suffer from poor life cycle maintenance, looking and feeling tired, and creating less than ideal learning conditions.

As important, they cost more to operate than they should, taking money away from student educational resources. Fairly straight forward energy efficiency upgrades can redirect hundreds of thousands of dollars back into education operating budgets in addition to helping achieve the climate change targets established by the province.

It can be said districts and government do a reasonable job of ensuring schools are safe which is a clear priority. The only exception may be those schools for which recommended seismic upgrading has not yet been completed. To their credit government has identified seismic retrofitting as a priority. Unfortunately, government and the boards of education involved in addressing this situation seem to be having some difficulty catching up to the problem, especially since seismic survivability standards appear to be increasing. Keeping up to the need for capital funding for new schools and additions on top of the seismic upgrade program has been extremely challenging. Despite this Government has made substantial attempts to address these issues with increased funding as noted in Figure 4.

	B2018	B2019	B2020
SEISMIC	126M	220M	310M
NEW & ADDITION	102M	166M	332M

figure 4 - Source: Ministry of Education

A few school replacements are also being funded which will have an impact on the facility condition index as very old schools are fully replaced. The amounts provided over the past three years for full building replacements are \$9.8M in 2018, \$31.4M in 2019 and \$56M in 2020.

All three of these areas of funding are important and although they are not the subject of this discussion paper we must assume plans have been developed which define the level of funding required to complete necessary seismic upgrades and construct new schools to keep pace with growth in the system. If detailed plans have not been developed for seismic upgrading and new school construction they should be to ensure adequate funding can be made available when required. Having said that it is apparent that significant increases in funding for both categories have been provided over the past three years which indicates a recognition by government of the need.

While these needs are being more appropriately addressed we cannot forget the amount of funding required to address deferred maintenance in existing buildings. New schools and seismic upgrading are both needed. They tend to enjoy a higher profile than maintenance projects in existing schools. However, the latter are equally important if we are to fulfill our responsibility as trustees of important public assets.

The data provided by the ministry illustrates a growing level of deferred maintenance and the degree to which we are failing in this responsibility.

How deferred maintenance is calculated

In Figure 1 immediate deferred maintenance refers to those projects which are recommended by the engineering firm engaged by MOE to complete facility condition assessments each year. While the projects included in those recommendations do not necessarily involve building systems that will fail in the next year, preventive maintenance is always better than reactive or crisis maintenance. Building systems need to be properly maintained before they fail.

Building condition assessments are completed by engineers who are specialists in this field. They rely upon their knowledge of building systems to know where the sweet spot is.....that place where an ounce of prevention avoids a pound of cure and where replacement is more cost effective than constant repairs. Deferred maintenance reflects the work these specialists indicate should be done which has not been done as a result of inadequate funding. It is appropriately a requirement of government that building condition assessments are completed so government can direct limited funding to the areas of greatest need. We commend government for that, however, identifying and not addressing other maintenance requirements must still be considered a shortfall.

The rules and standards have changed over the last fifty years.

Standards for health and safety have changed considerably over time with ever increasing and appropriate measures to address such issues as the use of asbestos many years ago, lead content in the water more recently and seismic survivability. The cost of energy has gone up considerably as well, demanding measures to become more efficient, not only to keep costs down but also to reduce green house gas emissions and, literally, save the planet. Government is now requiring that school buildings meet reasonable standards for energy efficiency reducing emissions by 50% from 2007 levels by 2030 and achieving net zero targets for new buildings by 2032. That is very appropriate and to be applauded as we consider the design of new schools, but what about our existing building infrastructure? It is not unusual for schools to be in service for over fifty years. How do we reduce the carbon footprint of buildings constructed that many years ago and ensure they are safe and efficient, not to mention providing positive learning environments for children?

How can we address the problem?

Boards of education have long expressed the concern that the annual allocation of capital funding to address deferred maintenance is inadequate. Figure 1 provides a relatively clear substantiation of that claim.

Many municipal governments have addressed this problem for their own facility infrastructure by developing life cycle plans at the point of constructing new buildings, identifying each building's life cycle costs well into the future and putting sufficient funding into a reserve each year to ensure the identified work can be addressed as it comes up in the plan. Roofs, mechanical and electrical systems all need to be replaced several times over the life of a building. In our very wet climate regular reviews and repair/replacement of building envelopes is another aspect of the ongoing work which needs to be addressed more than once during the life of a building.

Strata councils are required in legislation to have lifecycle plans which they are wise to implement to avoid surprise assessments as major issues arise. It is a preferred approach to set monthly strata fees at a level sufficient to accommodate everything in the plan rather than wait until something breaks down and requires an emergency repair or replacement and a somewhat unexpected assessment. An unanticipated \$10,000 bill, or greater, can be a significant blow to a family's budget, not to mention the disruption if replacement is left until something like a water line breaks.

Many commercial buildings operate this way as well with a portion of every lease payment for common costs allocated to life cycle projects.

The cost to address the reported shortfalls for school facility life cycle maintenance is significant (\$360M per year) and couldn't possibly be addressed all at once.

We have suggested other sources of funding that could be tapped in another paper of the BCSTA Capital Working Group ([School Site](#)

[Acquisition Charges - Issues and Solutions](#)). Implementing the recommendations offered in that paper would free up more capital funding over the long term. This is a long term problem and, we submit, requires a steady and considered long term approach to address the issue. If the recommended changes had been made in the years prior government could have saved \$42M in land acquisition

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costs in 2018 and similar amounts going forward. However, nothing we can suggest short of additional government funding will be sufficient to bring the entirety of public K-12 education infrastructure up to the desired level very quickly.

To begin we are suggesting that the ministry require a standardized life cycle plan be developed for every new school building that is constructed into the future.....and further....that an adequate annual contribution be added to the Annual Facilities Grant of the school district in which the facility is located to address the lifecycle needs of that building over time.

Ideally school districts would work backwards and create such plans for all their existing buildings and apply to the ministry for the annual funding required to sustain the overall building life cycle plan. That is likely unrealistic given the increased amount of funding required as indicated by the high number of requests made and relatively few which are approved. In 2019/20 the amount allocated by the province to lifecycle maintenance (the combination of AFG, SEP, CNCP and BEP) was \$181.5M against a recommended amount of \$541M. As noted earlier the recommended amount is derived from the work of building system engineers engaged by MOE to complete the facility condition assessment each year.

Ideally the annual allocation from the ministry would address the annual deficit (\$360M). Since that is unrealistic in the short term we are suggesting a gradual "catch up" to eventually achieve enough annual funding to meet existing building life cycle needs, concurrent with a new system of lifecycle planning and funding for new buildings as they come on board,

In summary we are recommending annual increases in the Annual Facilities Grant, the School Enhancement Program and the Carbon Neutral Capital Program until the total recommended level of funding required to complete recommended immediate deferred maintenance can be achieved.

The current AFG allocation in 2020/21 is \$115.5M. We are recommending that amount be increased each year with the addition of:

- the annual contribution identified as being required in new facility life cycle plans plus
- inflation (currently roughly 2%) plus
- a minimum of 15% beyond inflation intended to reduce the shortfall for existing buildings over time.

The investment made in constructing new schools and additions in 2020 was \$332M. In order to provide a rough estimate of the annual life cycle contribution required for new facilities we have anticipated that cost to be the initial capital cost divided by a fifty year life or \$6.6M. That can be roughly translated to 3% of the current

combined investment in AFG and SEP. The actual amount added to the system each year should be based on the specific lifecycle plans prepared for each building in the prior year. However, for the purposes of this paper and its recommendations we have simplified the calculation.

This formula would amount to AFG funding of approximately \$139.5 in 2021/22, \$168.5M in 2022/23, \$203.6M in 2023/24 and \$246M in 2024/25.

We are also recommending an annual increase in the School Enhancement Program (SEP). The SEP funding provided for 2020/21 is \$64M. We are recommending that amount be increased each year with the addition of:

- inflation (currently roughly 2%) plus
- a minimum of 15% beyond inflation intended to reduce the shortfall for existing buildings over time

This would amount to SEP funding of \$75M in 2021/22, \$88M in 2022/23, 103.2M in 2023/24 and \$121M in 2024/25.

Both of these programs would continue to increase using these formulas

beyond 2025 until the amount being budgeted is sufficient to address the deferred maintenance shortfall.

We have selected a 15% factor in our formula for "catch up" recognizing it will still take several years to do so. If the "catch up" provision was increased to 20% over \$500M would be available in 2025. A smaller "catch up" amount would extend the time needed to achieve the required level of funding and complete the required work.

"This is a long term problem and...requires a steady and considered long term approach to address the issue."

Facility upgrades to lower emissions

We must also consider the Carbon Neutral Capital Program. Expenditures in this program are often used to replace electrical, mechanical or other systems which need to be replaced in the regular course of completing life cycle maintenance. It only makes sense that completing upgrades to systems to make them more energy efficient would be completed at the same time.

There is another significant argument to be made for increased funding beyond the amount already provided in the Carbon Neutral Capital Program. Reduced

consumption generally means reduced operating costs, which can then be redirected to student achievement.

We are hoping the total amount of funding required to achieve the net zero targets established by the province for new buildings and improved efficiency for existing

buildings (50% reduced consumption by 2030) will be the subject of further investigation and recommendations by government and is beyond the scope of this paper. However, we do feel it is appropriate in the context of this discussion to suggest a minimal ramping up of the Carbon Neutral Capital Program. It can be seen in Figure 2 that funding requests for this work totalled 2.5 times the available funding in 2020. Total requests amounted to \$40M in 2020/21 while the available funding amounted to only \$16.7M.

We are concerned the amount of annual funding currently available in the Carbon Neutral Capital Program for public schools is significantly less than the amount required to achieve Clean BC objectives. We are recommending the annual allocation to the Carbon Neutral Capital Program be increased by 25% per year. At this point we do not know if that level of investment will be sufficient to achieve the goals of the Clean BC program. We do know that most districts have already completed the easiest upgrades beginning with lighting systems followed by more efficient Boiler and HVAC equipment as mechanical systems reach the end of their life expectancy. What remains are projects which will be needed to achieve the Clean BC goals by 2030. They are very likely to be more complex and expensive as conversions from traditional to more innovative systems using alternative clean energy sources are contemplated. We are recommending CNCP allocations over the next four years should be \$20.9M

in 2021/22, \$26.1M in 2022/23, \$32.6M in 2023/24 and \$40.8M in 2024/25. These increases are considered to be the minimum required. A more detailed analysis on what it will take to achieve Clean BC goals by 2030 may indicate the need for even greater resources. We are also recommending that analysis be undertaken by the provincial government as soon as possible.

Of course Initial capital funding for new buildings should be based on achieving as close to net zero emission targets as possible going forward, leading to new buildings fully achieving the net zero target by 2032.

Access the Clean BC program details [here](#).

Renovate or replace?

Many districts and the Ministry of Education face difficult decisions as schools approach the end of their useful life (fifty to sixty years of service) and encounter the need to complete relatively costly seismic upgrades and building system upgrades if they are to continue safely accommodating students in those facilities.

The dilemma is that schools built so many years ago often do not include the kind of learning environments we want to offer to students. For example most older secondary schools do not include the kind of trades and technical training facilities which are commonplace in modern secondary schools. Most older elementary schools do not provide the kind of break out space needed for Education Assistants to work one on one with students who have specialized needs, resulting in hallways filled with EAs and their assigned students when working in regular classrooms is not appropriate.

Unfortunately in the process of making capital submissions for older facilities to the Ministry of Education many school districts have experienced a direction from government to plan for the least expensive solution which will ensure student safety and meet basic building system requirements. This is often occurring without adequately addressing the needs of students. With that the case we are recommending that decisions concerning whether or not to complete major upgrades or replace older buildings which have effectively reached the end of their useful life (50 to 60 years) include greater consideration of the changing learning needs of students. Full replacement may cost more than renovations in the short term but will often be more educationally effective and justifiable given a longer term perspective.

Moreover, all of the deferred maintenance of an older facility being considered for renovation must be considered in the calculation to determine the comparable costs of renovation vs replacement.

Conclusion

Building new schools and additions as our student population grows is important as is completing seismic upgrades to ensure our buildings are survivable in the event of an earthquake. With that said ensuring regular, appropriately timed life cycle maintenance on all school facilities is equally necessary to fully achieve our goal of providing safe and efficient school facilities which provide excellent learning environments for children. Accomplishing that can only be achieved with adequate annual funding provided by government. We have offered several recommendations along with a formula which should be used to catch the system up to address the ever increasing levels of deferred maintenance currently being experienced by school districts in British Columbia, and urge consideration of those recommendations and the proposed formula by government.

BCSTA wishes to express its appreciation to BC Ministry of Education staff for the provision of critical background information.

This discussion paper was developed by the BCSTA's Capital Working Group. Members of the working group include:

JANICE CATON
SD 71 Comox Valley

MIKE MURRAY
BCSTA Board,
SD42, Maple Ridge
and Pitt Meadows

GREG FRANK
BC Association of
School Business Officials
SD36, Surrey

RAVI PARMAR
SD62, Sooke

ESTRELLITA GONZALEZ
SD39, Vancouver

DONNA SARGENT
BCSTA Board,
SD38, Richmond

KATHEEN KARPUK
SD73, Kamloops