

**THE FUNDING AND COSTS
OF
PLANT OPERATIONS AND MAINTENANCE
IN
ALBERTA'S SCHOOLS**

**AN UPDATED REPORT PREPARED
FOR THE
ALBERTA SCHOOL BOARDS ASSOCIATION**

by

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EXECUTIVE SUMMARY

This study examined the mechanism used by the provincial government to fund school facility operations and maintenance and the adequacy and equity of the funding provided. It also reviewed the costs of custodial services, maintenance services, utilities and telecommunications, and facility planning and operations administration. Particular attention was paid to electricity and natural gas costs and issues related to building maintenance.

The data for this study were obtained from Alberta Education, Alberta Infrastructure, Alberta Energy and Utilities Board, Statistics Canada, and a recent plant operations and maintenance survey conducted by ASBA Zone 23.

Key Findings

- Funding for operating and maintaining Alberta schools has not kept pace with real costs.
- This year (2004-2005), school boards collectively face a \$21.3 million shortfall on their electricity and gas bills.
- A trend that sees municipalities charge school boards directly for services previously covered by property taxes (ie. land drainage, local improvements) is putting a squeeze on some boards.
- Alberta's \$9.6 billion investment in school buildings is at risk, as school boards shift dollars from ongoing maintenance to pay the light and heat bills and keep schools clean. Students, teachers and taxpayers are losing out.
- School boards with lower utilization rates are being unfairly penalized by the funding formula.

The Inadequacy of Operations and Maintenance Funding

School boards relied almost entirely on the provincial government for school facility operations and maintenance funding. Since the previous funding framework was implemented in 1995/96, along with fiscal cutbacks by the provincial government, funding levels for operating and maintaining school facilities had not kept pace with real costs.

In 1992/93, before the funding framework, school boards committed \$295.5 million to school facility operations and maintenance. After adjusting for inflation and increases in school facility area school boards received only \$251.8 million in 1995/96 and \$236.9 million in 2004/05 from the provincial government to operate and maintain their school buildings.

The funding formula for school plant operations and maintenance was flawed in that school boards with lower utilization of school facilities were unduly penalized. The methods used to determine school building capacity ratings often ignored the realities of how schools were operated. Funding was not provided to school boards when municipalities downloaded services costs formerly covered by the property tax base to utility charges.

The Adverse Effects of High Operating Costs on School Facility Maintenance

Alberta's \$9.6 billion investment in school buildings is at risk. Cost increases in school facility operations and maintenance for 2001/02 to 2003/04 mainly occurred in custodial services, utility costs for electricity and natural gas, and insurance. With reduced funding, school boards balanced budgets by cutting school facility maintenance and planning and administration services.

The provincial government provided an additional \$30 million over 2002/03 and 2003/04 to address extraordinary cost increases for electricity and natural gas. An extra \$21.3 million is required in 2004/05 to cover the continuing high costs of electricity and natural gas.

Without additional funding to address electricity and natural gas increases and other cost pressures, Alberta's \$9.6 billion investment in school facilities will deteriorate. The students who attend these schools and the staff who work in them suffer.

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PURPOSE OF THIS STUDY

This study had two purposes. The first was to critically examine the mechanism used by the provincial government to fund school boards for school facility operations and maintenance. Related issues were funding adequacy and equity. Stated another way, is funding for school facility operations and maintenance fair and just?

The second purpose of this study was to review the costs of school facility operations and maintenance. Costs were broken into component parts: custodial services, maintenance services, utilities and telecommunications, and facility planning and operations administration. Special attention was paid to electricity and natural gas costs and issues related to building maintenance.

METHOD

Data for this study were obtained from:

- Alberta Education’s consolidated reports of school boards’ Audited Financial Statements for 2001/02, 2002/03, and 2003/04.
- Alberta Education’s annual reports dating back to 1992/93.
- Alberta Infrastructure’s reports of school plant operations and maintenance funding and school facility area.
- ASBA Zone 23’s recent plant operations and maintenance survey of member boards.
- Alberta Energy and Utilities Board’s reports on electricity and natural gas rates.
- Statistics Canada’s report on Alberta’s Consumer Price Index.

FUNDING FOR SCHOOL FACILITY OPERATIONS AND MAINTENANCE

Overview

School boards receive plant operations and maintenance funding from the provincial government and other sources to cover:

- custodial expenses related to keeping school environments clean and safe
- maintenance expenses associated with the repair, replacement and minor construction of buildings, grounds, and equipment; and regular and preventative maintenance
- utilities and telecommunications expenses related to electricity, natural gas and other heating fuels, sewer and water, and all forms of telecommunications
- facility planning and operations administration expenses related to supervision of operations and maintenance employees; clerical functions; insurance; administration of contracts, capital projects, Infrastructure Maintenance Program (IMP), portable relocations, and joint-use agreements; and ensuring compliance with codes, regulations, and health and safety standards.

Funding Sources

The provincial government is the primary source of funding for school facility operations and maintenance. Grants are administered by Alberta Infrastructure and Transportation.

Provincial government funding for plant operations and maintenance is based on:

- the gross area of school facilities in active use for instruction of students in Kindergarten to Grade 12 and 50 percent of the area of closed school facilities that are vacant but maintained by boards
- the jurisdiction’s utilization rate if it is 54 percent or higher
- a travel time allowance to compensate jurisdictions for maintenance staff travel over 25 km from a central maintenance shop facility to schools in the jurisdiction
- a sparsity factor based on the number of square kilometers per student and a distance factor measured from Calgary or Edmonton, whichever is closer

The plant operations and maintenance funding that a jurisdiction receives is its gross school area multiplied by a base-funding rate that is adjusted for jurisdiction utilization and a sparsity/distance factor; plus a distance allowance.

Other sources of revenue for school facility operations and maintenance include:

- rentals and leasing of school facilities
- fees paid on behalf of First Nations students and foreign students not eligible for provincial funding
- payments from other school authorities and municipalities
- other sales and services related to facilities

The following table shows the funding that Alberta’s school jurisdictions received from the provincial government in each of the last three years for school plant operations and maintenance. The provincial revenue for 2002/03 and 2003/04 includes \$30 million in one-time funding that Alberta Infrastructure provided for higher electricity and natural gas costs.

**Provincial Funding and School Board Expenses (in millions) for
School Plant Operations and Maintenance
2001/02 to 2003/04**

	Provincial Funding	School Board Expenses	Funding Shortfall
2001/02	\$309.1	\$346.4	\$37.3
2002/03	\$338.5	\$369.3	\$30.8
2003/04	\$354.4	\$373.6	\$19.2

Note: The above table shows total funding and expenses for the operations and maintenance of school facilities and does not include funding or expenses for the Infrastructure Maintenance Program.

The foregoing table also indicates that school board expenses for school facility operations and maintenance exceeded provincial revenue by

- \$37.3 million in 2001/02
- \$30.8 million in 2002/03
- \$19.2 million in 2003/04.

Boards made up the shortfall in provincial revenues from other funding sources, transfers from operating reserves, or by running deficits.

The Inadequacy of Provincial Government Funding

Funding for school facility operations and maintenance was cut significantly when the previous funding framework was implemented in 1995/96. Whereas in 1992/93 schools boards committed \$295.5 million of their school property taxes, government funding, and other revenue to operate and maintain school facilities, the provincial government reduced funding for this purpose to \$264.4 million in 1995/96 as part of its fiscal cutbacks.

The following table indicates why current funding for school facility operations and maintenance is inadequate. The first column in the table shows the actual funding that the provincial government gave school boards over the past 10 years ranging from \$264.4 million in 1995/96 to \$344.0 in 2004/05.

The second column is Alberta's Consumer Price Index (CPI) set at 100.0 in 1992/93 and currently at 131.5 in 2004/05. As a measure of inflation, the CPI indicates that goods and services that cost \$100 in 1992/93 now cost \$131.50 in 2004/05.

The third column shows the total area of school facilities in Alberta, increasing from 6.196 million square meters in 1995/96 to 6.842 million square meters in 2003/04. School facility operations and maintenance costs increase in proportion to building area.

Funding for School Facility Operations and Maintenance in Current and Constant (1992) Dollars Adjusted for School Facility Area, 1995/96 to 2004/05 (in millions)

	Provincial Funding (millions)	Consumer Price Index (CPI)	School Facility Area in sq. m (millions)	Funding in Constant (1992) dollars (millions)
1992/93	\$295.5	\$100.0	-	\$295.5
1995/96	264.4	105.0	6.196	251.8
1996/97	265.5	107.3	6.182	248.0
1997/98	270.6	109.5	6.257	244.7
1998/99	276.2	110.7	6.362	243.0
1999/00	287.7	113.4	6.366	246.9
2000/01	312.5	117.4	6.482	254.4
2001/02	309.1	120.1	6.520	244.6
2002/03	338.5	124.2	6.544	258.1
2003/04	354.4	129.7	6.842	247.4
2004/05	\$344.0	\$131.5	6.842	\$236.9

Notes Re table on Page 7:

1. Provincial funding from 1995/96 to 2003/04 were the amounts reported on school boards' Audited Financial Statements and in 2004/05 was an amount provided by Alberta Infrastructure
2. The Consumer Price Index is for all items in Alberta reported by Statistics Canada
3. School facility area was derived from provincial documents and represents gross school area
4. School facility area for 2004/05 was not reported so was estimated using the area for 2003/04.

The fourth column in the foregoing table adjusts the actual funding that school boards received from the provincial government (first column) for inflation (second column) and school facility area (third column) and indicates the funding amounts for each year in constant (or 1992) dollars.

For example in 2003/04 school boards received \$354.4 million in provincial funding, which when adjusted for inflation of 29.7 percent and building area increase of 10.4 percent over 1995/96, amounted to \$247.4 million in constant (1992) dollars. This table shows that in constant (1992) dollars school boards received less funding in 2003/04 to operate and maintain their schools than they did in 1995/96, the year the previous funding framework was implemented along with significant cuts to the provincial budget.

The 2004/05 school year could be the worst on record for school facilities operation and maintenance with funding in constant dollars dropping to an all-time low of \$236.9 million. The provincial government's decision not to continue providing additional funding to off-set higher utility costs for electricity and natural gas will have negative implications for school facility maintenance.

The Shortcomings of the Current Funding Framework

Beyond not providing school boards with enough money, the provincial government's funding formula for school plant operations and maintenance has two major shortcomings:

- (1) it unduly penalizes school boards with lower school facility utilization and
- (2) school facility capacity ratings ignore the realities of school operations.

The Funding Formula Penalizes school boards with lower Utilization

The school plant operations and maintenance funding formula was largely dependent upon capacity ratings and utilization – factors that reduced funding unreasonably for school boards with lower utilization rates.

The following table shows the punitive effects of the funding formula on a school board with a lower utilization rate of 69 percent compared to a school board with a higher utilization rate of 87 percent. The board with the lower utilization rate received \$13.09 less funding (\$66.08 – \$52.99) per square metre (25 percent) than the board with the higher utilization rate. Although some variance in funding could be defended for reasons such as 'wear and tear' on buildings, cleaning costs, and utility consumption, a 25 percent difference was difficult to justify based on operating and maintenance costs.

Comparing the Funding Per Square Meter of Boards with Lower and Higher Utilization Rates, 2003/04

	School Board with Lower Utilization	School Board with Higher Utilization
Utilization rate (%)	69%	87%
Funding per sq. m.	\$52.99	\$66.08

Facility Capacity Ratings Ignored Realities of How Schools Operated

The way capacity and utilization rates were calculated by Alberta Infrastructure directly impacted the plant operations and maintenance funding that school boards received. The method for determining school capacity did not consider the following:

- The Small Class Size Initiative implemented as a result of Alberta Learning Commission’s recommendations significantly reduced the number of elementary students that could be accommodated in classrooms.
- Students with mild and moderate disabilities were counted as 1.0 for utilization purposes but often instructed in smaller groups, thereby requiring more space than regular students.
- Applying the capacity formula to older schools was not workable because in those buildings, classrooms orientated lengthwise to corridors, wide corridors, additional stairwells, and added mechanical rooms due to expansion all resulted in unrealistic capacities.
- The capacities of core schools were over-rated once portable classrooms were removed because of their oversized support areas such as gymnasiums, libraries, and offices.

Other Funding Issues

There was a trend for municipalities to download services that were once paid for from property taxes to utility fees. A case in point was the City of Edmonton, which now charged land drainage utility fees and local improvements levies. This downloading cost the two school boards in that city a total of \$450,000 in 2004. The same municipality was considering utility charges for fire hydrant maintenance and an arterial roadway levy.

School boards faced with utility charges downloaded from the municipal property tax base had to absorb these costs out of their operations and maintenance budgets – decreasing the funding available for school facility maintenance.

Alberta Infrastructure did not provide funding for school boards when services were downloaded from property taxes to utility fees.

School boards also faced the potential costs of infrastructure improvements for roadways, school-parking sites, drop off facilities, and playgrounds. It has yet to be decided who is responsible for these infrastructure improvements - the provincial government, municipalities, or school boards.

THE COSTS OF OPERATING AND MAINTAINING SCHOOL FACILITIES

Overview

The following table shows that school board costs for school facility operations and maintenance grew from \$346.4 million in 2001/02 to \$373.6 million in 2003/04 – an increase of \$27.2 million or 7.9 percent.

**School Facility Operations and Maintenance Expenses by Category
2001/02 to 2003/04 (in millions)**

	2001/02		2002/03		2003/04	
	Cost	%	Cost	%	Cost	%
Custodial	\$134.0	38.7%	\$141.5	38.3%	\$147.8	39.6%
Maintenance	93.7	27.0	90.3	24.5	93.9	25.1
Utilities and Telecom.	90.7	26.2	110.1	29.8	101.7	27.2
Facility Plan and Operations Admin.	28.0	8.1%	27.4	7.4%	30.2	8.1%
Total	\$346.4		\$369.3		\$373.6	

Note: This table does not include expenses related to the Infrastructure Maintenance Program (IMP), amortization of capital assets, interest on capital debt, other interest charges, or losses on disposal of capital assets.

Most school boards' added costs were for custodial expenses, increasing from \$134.0 to \$147.8 million, and utilities and telecommunications costs increasing from \$90.7 million to \$101.7 million.

Maintenance costs remained relatively static over 2 years decreasing from 27.0 percent to 25.1 percent of school boards' expenditures on school facility operations and maintenance. Facility planning and operations administration costs increased modestly from 2001/02 to 2003/04 but remained steady at 8.1 percent of school boards' expenditures.

When utilities and telecommunications costs peaked at \$110.1 million in 2002/03 maintenance expenditures decreased the most, from \$93.7 million to \$90.3 million, and from 27.0 percent to 24.5 percent of school board expenses.

Custodial Services

School board costs for custodial services grew from \$134.0 million in 2001/02 to \$147.8 million in 2003/04 – an increase of \$13.8 million or 10.3 percent over the two-year period.

The following table shows that most of the added expense for custodial services was for salaries, wages and benefits. From 2001/02 to 2003/04 these costs grew by \$12.2 million or 11.6 percent, but as a percentage of custodial costs, salaries, wages, and benefits remained fairly constant at around 79 percent.

Over the three-year period contracted services costs stayed about the same and custodial supplies increased by 11.1 percent from \$8.1 million to \$9 million.

**Custodial Expenses (in millions)
2001/02 to 2003/04**

	2001/02		2002/03		2003/04	
	Cost	%	Cost	%	Cost	%
Salaries, wages, and benefits	\$105.2	78.5%	\$112.4	79.4%	\$117.4	79.4%
Contracted services	20.7	15.4	20.8	14.7	21.4	14.5
Supplies	8.1	6.0%	8.3	5.9%	9.0	6.1%
Total	\$134.0		\$141.5		\$147.8	

Maintenance Services

School board expenditures on school facility maintenance were about the same in 2003/04 as in 2001/02, after decreasing by \$3.4 million in 2002/03.

The following table shows that salaries, wages, and benefits increased from \$42.8 million in 2001/02 to \$47.3 million in 2002/03, but then decreased to \$46.4 million in 2003/05 – likely because of staff reductions.

**Maintenance Expenses (in millions)
2001/02 to 2003/04**

	2001/02		2002/03		2003/04	
	Cost	%	Cost	%	Cost	%
Salaries, wages, and benefits	\$42.8	45.7%	\$47.3	52.4%	\$46.4	49.4%
Contracted services	26.6	28.4	23.1	25.6	27.6	29.4
Supplies	24.3	25.9%	19.9	22.0%	19.9	21.2%
Total	\$93.7		\$90.3		\$93.9	

Over the 3 year period contracted services increased by \$1.0 million or 3.8 percent from \$26.6 million to \$27.6 million, but expenditures on supplies dropped from \$24.3 million to \$19.9 million – a decrease of \$4.4 million or 18.1 percent.

A modest 3.8 percent increase in contracted services would at best cover inflation pressures. A decrease of 18.1 percent in expenditures on supplies, coupled with staff reductions, indicated a decline in maintenance services.

A recent survey of school plant operations and maintenance by ASBA Zone 23 found that maintenance services were hurt by the drop in provincial funding. School board respondents to this survey indicated that to balance their shrinking school facility operations and maintenance budgets they had:

- _ Cut back on staff and initiated hiring freezes
- _ Fixed rather than replaced aging equipment and vehicles
- _ Cut back or quit performing preventative maintenance
- _ Shut down satellite maintenance shops in distant communities
- _ Extended replacement and repair cycles and ‘bumped’ lower priority items
- _ Cut spending on supplies, tools, and trades
- _ Put off doing deferred maintenance and discretionary items such as painting

It was evident that school boards balanced their school facility operations and maintenance budgets in 2002/03 and 2003/04 at the expense of school maintenance. With reduced school plant operations and maintenance funding in 2004/05, school facility maintenance could be worse-off than it was in the previous 2 years.

Utilities and Telecommunications

Electricity and natural gas/heating fuel costs made up about 90 percent of school boards’ utilities and telecommunications costs.

Summarizing the table below, electricity costs over the last 3 years averaged 51.8 percent and natural gas/heating fuel costs averaged 37 percent of school board budgets for utilities and telecommunications.

**Utilities and Telecommunications Expenses (in millions)
2001/02 to 2003/04**

	2001/02		2002/03		2003/04	
	Cost	%	Cost	%	Cost	%
Electricity	\$50.4	55.6%	\$53.7	48.8%	\$51.9	51.0%
Natural gas/ heating fuel	29.3	32.3	45.3	41.1	38.2	37.6
Sewer/water	6.3	6.9	6.8	6.2	7.3	7.2
Telecommunications	-		2.6	2.4	2.5	2.5
Contracted services	4.2	4.6	1.3	1.2	1.4	1.4
Supplies	0	0	0.1	0.1	0.2	0.2
Salaries, wages, benefits	0.5	0.6%	0.3	0.3%	0.2	0.2%
Total	\$90.7		\$110.1		\$101.7	

From the above table, sewer and water averaged 6.8 percent, telecommunications averaged 2.5 percent, and contracted services, supplies, salaries, wages and benefits together averaged 1.0 percent of utilities and telecommunications costs.

Electricity Costs

After deregulation of Alberta's electric industry on January 1 2001, electricity costs for school boards increased considerably. As the following table shows, electricity costs in 1998/99, before deregulation, totalled about \$32.6 million or 11.8 percent of provincial government funding for school plant operations and maintenance. After deregulation in 2001/02 electricity costs increased to \$50.4 million or 16.3 percent of provincial funding

**Electricity Costs as a Percentage of Provincial Government Funding
For School Plant Operations and Maintenance (in millions)
1998/99 to 2004/05**

	Actual Funding	Electricity Costs	Percent of Budget Spent on electricity
1998/99	\$276.2	\$32.6*	11.8%*
2001/02	309.1	50.4	16.3
2002/03	338.8	53.7	15.9
2003/04	354.4	51.9	14.6
2004/05	\$344.0	\$52.0**	15.1%**

*Estimate based on a survey of 6 school boards

**Estimate using a 3 year average of costs for 2001/02, 2002/03 and 2003/03

Based on average costs for the past 3 years, electricity could cost about \$52 million in 2004/05 or 15.1 percent of provincial government funding for school plant operations and maintenance. The ASBA Zone 23 survey found that all school boards in that Zone had locked in electricity prices the majority of which were in effect until December 2005.

Natural Gas/Heating Fuel Costs

School board costs for natural gas and heating fuel more than doubled between 1998/99 and 2002/03. The following table shows heating cost estimates of \$20.4 million in 1998/99 consumed 7.4 percent of provincial funding for school plant operations and maintenance. These costs escalated to \$41.1 million in 2002/03, or 12.1 percent of provincial funding.

**Natural Gas/Heating Fuel Costs as a Percentage of Provincial Government
Funding for School Plant Operations and Maintenance (in millions)
1998/99 to 2004/05**

	Actual Funding	Natural Gas/Heating Fuel Costs	Percent of Budget Spent on Natural Gas
1998/99	\$276.2	\$20.4*	7.4%*
2001/02	309.1	32.3	10.4
2002/03	338.5	41.1	12.1
2003/04	354.4	37.6	10.6
2004/05	\$344.0	\$37.0**	10.8%**

*Estimate based on a survey of 6 school boards

**Estimate using a 3 year average of cost for 2001/02, 2002/03 and 2003/04

Based on average costs for the past 3 years, natural gas and heating fuel costs could total about \$37 million in 2004/04 or 10.8 percent of provincial government funding for school plant operations and maintenance.

The ASBA Zone 23 survey found that only two out of 15 school boards had locked in natural gas rates. Most ‘floated’ with rates set by Alberta’s Energy and Utilities Board (EUB).

The following table shows the natural gas rates for 3 utility companies set by the EUB from 1998/99 to 2004/05. On average, natural gas rates for the first six months of 2004/05 continued to be 139 percent higher than rates in 1998/99 and only modestly less than they were in 2003/04.

Average Natural Gas Rates (in dollars/gigajoule) and Natural Gas Rate Increases (in percent) from 1998/99 to 2004/05 (Feb./05)

School Year	ATCO GAS / DIRECT ENERGY NORTH		ATCO GAS / DIRECT ENERGY SOUTH		ALTA GAS	
	Gas Rate	Increase Over 1998/99	Gas Rate	Increase Over 1998/99	Gas Rate	Increase Over 1998/99
1998/99	2.091	-	2.212	-	2.44.9	-
1999/00	3.223	54%	3.842	74%	3.952	61%
2000/01	6.654	218	7.822	254	7.613	211
2001/02	3.551	70	3.581	62	3.965	62
2002/03	6.268	200	6.549	196	6.441	163
2003/04	5.679	172	5.741	160	5.685	132
2004/05	5.462	161%	5.453	147%	5.140	110%
Average		146%		149%		123%

1. The average gas rate increase for the 3 companies is 139%
2. The above gas rates include provincial natural gas rebates for 2003/04 and 2004/05

Additional Funding is Required for Electricity and Natural Gas Costs

The provincial government financially assisted school boards with high electricity and natural gas costs by providing an additional \$30 million allocated over the 2002/03 and 2003/04 school years. The provincial government did not continue with similar funding in the 2004/05 school year even though electricity and natural gas costs remained relatively high.

The following table shows that school boards require an additional \$21.3 million in 2004/05 to address the higher costs of electricity and natural gas using the following rationale:

- \$53 million in total estimated costs for electricity and natural gas/heating fuel in 1998/99 would cost \$67.7 million in 2004/05 after adjusting for inflation and school building area.
- The actual cost of electricity and natural gas/heating fuel in 2004/05 is estimated at \$89 million - \$21.3 million more than 1998/99 costs adjusted for inflation and area.

**The Shortfall in Provincial Funding for Electricity and Natural Gas Costs in 2004/05
Compared to 1998/99, Adjusted for Inflation and Building Area (in millions)**

	Electricity Cost	Natural Gas / Heating Fuel Cost	Total Energy Cost	Adjusted for Inflation and Building Area
1998/99	\$20.4*	\$32.6*	\$53.0*	\$67.7**
2004/05	\$37.0	\$52.0	\$89.0	\$89.0
Total Funding Required				\$21.3

*Estimate based on a survey of 6 school boards in 2003.

**The adjustment for inflation is based on a 1998/99 Consumer Price Index of 110.7 and a 2004/05 Consumer Price Index of 131.5. Total cost of electricity and natural gas/heating fuel of \$53 million in 1998/99 would cost \$63 million in 2004/05 when adjusted for inflation (\$53 million x 131.5/110.7 = \$63 million)

The adjustment for school building area is based on 6.362 million square metres in 1998/99 and 6.842 million square metres in 2004/05. Total electricity and natural gas costs of \$63 million, adjusted for inflation, would cost \$67.7 million when adjusted for building area (\$63 million x 6.842/6.362 = \$67.7 million)

***Estimate based on a 3 year average of 2001/02, 2002/03 and 2003/04 costs.

Facility Planning and Operations Administration

Facilities planning and operations administration expenses grew from \$28.0 million in 2001/02 to \$30.2 million in 2003/04 – an increase of \$2.2 million or 7.9 percent. However, expenditure on all elements of this function decreased except for insurance.

The following table shows that from 2001/02 to 2003/04, salaries, wages, and benefits decreased from \$18.6 million to \$16.3 million, contracted services decreased from \$6.2 million to \$3.8 million, and supplies decreased from \$3.2 million to \$1.5 million.

**Facilities Planning and Operations Administration Expenses (in millions)
2001/02 to 2003/04**

	2001/02		2002/03		2003/04	
	Cost	%	Cost	%	Cost	%
Salaries, wages, benefits	\$18.6	66.6%	\$15.4	56.2%	\$16.3	54.0%
Contracted services	6.2	22.1	3.2	11.7	3.8	12.6
Supplies	3.2	11.4%	1.4	5.1	1.5	5.0
Insurance	not broken out		7.4	27.0%	8.6	28.5%
	\$28.0		\$27.4		\$30.2	

The above table also shows that insurance costs increased significantly from \$7.4 million to \$8.6 million or 16.2 percent in a one year period.

It is evident that those charged with administering and planning school facility operations and maintenance programs are now doing so with fewer resources.