

Missing the mark

Alberta's school building deficit



Table of Contents

Background	2
Purpose	2
Facility Needs	3
Facility Measures	6
Measure 1: The Physical Condition of Alberta's School Facilities as Determined by Facility Assessments Conducted by Alberta Infrastructure and Alberta Education	6
Measure 2: Total Provincial Funding For School Capital Projects by Year	7
Measure 3: Total Provincial Funding for School Capital Projects in Constant Dollars	8
Measure 4: Ratio of School Capital Projects to Total Government Capital Projects	9
Measure 5: Total Provincial School Capital Funding Compared to Total Provincial Capital Funding	10
Measure 6: Per Capita Expenditures on School Capital Projects	11
Measure 7: School Board Three-Year Capital Requests	12
Measure 8: Funding of School Board Capital Plans	13
Measure 9: Provincial IMP (BQRP) Dollar Support to School Boards by Year from 2000	14
Measure 10: Utilization Rates of Alberta's Schools from 2000 to Present, by Year	15
Conclusion	16
Recommendations	16

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Background

Alberta has a significant twofold investment in its school facilities. On the one hand, the principles of good stewardship speak to the importance of properly maintaining a \$10 billion investment (approximate replacement cost) represented by the province's school facilities. On the other hand, over 500,000 students are educated in Alberta's schools with their educational experience being directly impacted, either positively or negatively, by their learning environment. Given the stewardship and educational imperatives inherent in Alberta's school facilities, it is small wonder that the provision of safe, functional and educationally sound school facilities is a top priority for Alberta's school boards.

Responsibility for school facilities has moved back to Alberta Education, as of April 1, 2006, after residing with Alberta Infrastructure since the late 1990s. This shift in responsibilities underlines the important connection between the education a child receives and the facility in which he or she receives it.

Purpose

This report, commissioned by the Alberta School Boards Association, broadly examines the condition of Alberta's schools, provides some measures that can be used to assess progress towards meeting the facility funding needs of Alberta's school boards, and makes a number of recommendations that address the gaps in facility funding. Individually, Alberta's school boards have been stepping up their advocacy efforts in an attempt to address their growing facility funding needs. This report is not intended to replace the individual efforts of school boards. Rather, the purpose of this report is to provide global data that further illustrates the growing school infrastructure deficit evident in the province.

Facility Needs

Four data sources provide background for a broad assessment of Alberta's school facilities. These are: the School Facility Evaluation Project initiated by the Minister of Infrastructure in July 1999, Alberta's Commission on Learning Report (2003), the Alberta Infrastructure and Transportation Business Plan (2006 – 2009) and Annual Report (2005) and the three and ten-year facility plans prepared annually by Alberta's school boards.

The first source of data is the School Facility Evaluation Project (SFEP) initiated in 1999.

As a result of the School Facility Evaluation Project, condition audits were conducted on the 1463 school facilities managed by the province's school boards. The audits provided a snapshot of the condition of each building, including components, and the estimated cost required to upgrade. A three-point summary rating system was used to describe the province's schools:

1. Poor

Facilities rated in poor condition require upgrading to comply with minimum codes or standards and deterioration has reached the point where major repairs or replacement are necessary.

2. Fair

Building components are aging and nearing the end of their life cycle, requiring additional expenditures for renewal or refurbishing.

3. Good

The facility is rated as adequate for its intended use and is expected to provide continued service life with average maintenance.

The findings of the facility audits indicated that 9.2 per cent of Alberta's schools were in poor condition, 43.7 per cent were in fair condition, and 47.1 per cent were in good condition. The key facilities shortcomings related to mechanical systems (36 per cent), building interiors (22.7 per cent), and electrical systems (17.2 per cent). The School Facility Evaluation Project estimated that \$1.2 billion was needed to bring Alberta's schools up to an acceptable standard.

The second source of data regarding school board facility needs is Alberta's Commission on Learning Report (2003). This landmark study identified significant concerns with regards to the condition of Alberta's schools and the funding provided by the province to deal properly with school facility issues. The report noted,

“Alberta continues to have a substantial backlog of maintenance projects, estimated in the range of \$1.2 billion. In addition, there continue to be problems with shortages of school space in rapidly growing communities and excess space in others...this problem will only become more severe as enrolments are expected to decline over the next several years.” Page 79, Alberta's Commission on Learning Report (2003)

The Learning Commission report presents two recommendations that speak to Alberta's school facilities needs. These are:

Recommendation 22

Ensure that sufficient and predictable funding is available to renovate existing schools and build new schools where and when needed.

Recommendation 88

Address the shortfall in operations and maintenance funding on an ongoing basis.

A third source of school facility data comes from Alberta's Infrastructure and Transportation Business Plan (2006/09). The plan contains a performance measure that provides a condition assessment of Alberta's school facilities. This measure again uses a three-point rating system of good, fair and poor. For the 2004/05 year, the condition of Alberta's schools is rated as:

Poor = 3 per cent

Fair = 36 per cent

Good = 61 per cent

The facilities ratings contained in the Infrastructure Business Plan appear to be estimates as audits of school facilities have not been conducted since 1999. Infrastructure has plans in place to audit approximately 20 per cent of school facilities a year beginning in 2006.

The business plan contains three strategies that impact directly on Alberta's school facilities. These are:

- 6.4 Work with Education to continue to assess the facility solutions required to implement the recommendations flowing from Alberta's Commission on Learning, particularly class sizes and new classroom technologies.
- 6.8 Undertake facility evaluations to monitor and report on the condition of schools, post secondary institutions and health facilities to support the planning process and identify the preservation needs to ensure taxpayer investment is protected.
- 6.10 Update and maintain guidelines for costs and space for supported facilities to reflect the impact of construction cost escalation.

A fourth source of school facility needs data is the three and ten-year facility plans developed by Alberta school boards. These long-term plans provide a ground level assessment of Alberta school facility needs. Provincial summary data is not available prior to 2002. A review of available data indicates that from 2002 to 2005, total school board capital requests have approximately doubled from \$1.37 billion in 2002 to \$2.62 billion in 2005. This data provides evidence of the growing school facility need gap or infrastructure deficit that is being identified by Alberta's school boards.

Given the evidence regarding school facility needs examined above, the two key issues that become apparent with regards to Alberta's school facilities are:

1. The need to protect the taxpayer investment of approximately \$10 billion by ensuring Alberta's schools are properly maintained and meet contemporary code and educational requirements.
2. The need for new schools in rapidly growing areas of the province juxtaposed with the need to right size school facilities in areas of the province experiencing student enrolment decline.

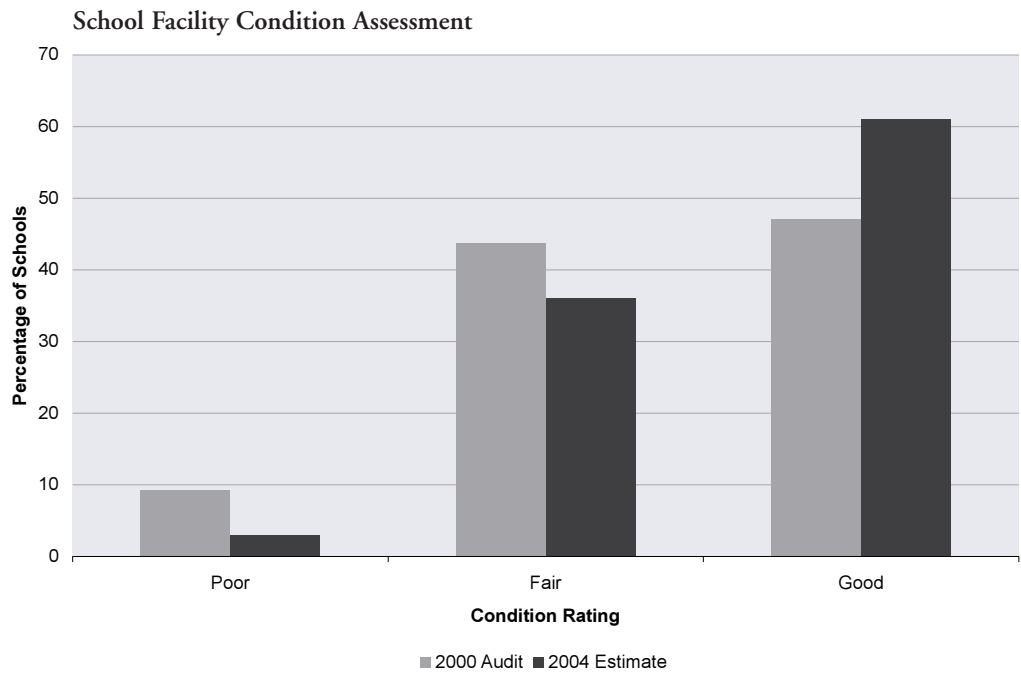
The balance of this report provides some performance measures that, in aggregate, help track progress towards meeting identified school facility needs. The report concludes with some recommendations that, if implemented, would help address the school facility issues and needs evident in the province.

Facility Measures

Measure 1

The Physical Condition of Alberta's School Facilities as Determined by Facility Assessments Conducted by Alberta Infrastructure and Alberta Education

Data Chart: Figure 1



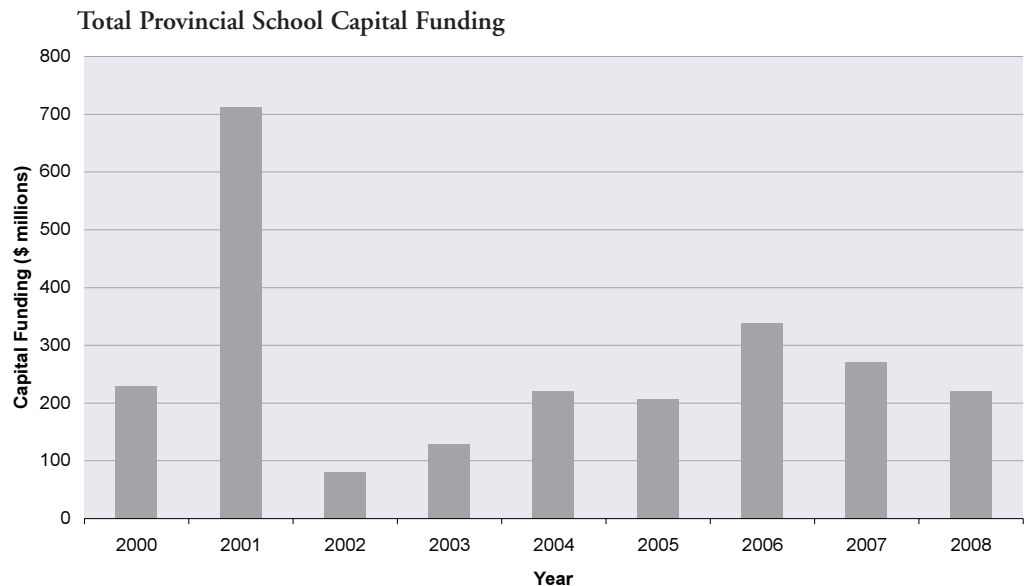
Discussion:

While some progress in school facility condition is apparent since the 2000 provincial assessment, continued significant investment is needed to bring Alberta's schools to good condition. Three percent of Alberta's schools were rated in poor condition in 2004/05. This means that approximately 45 schools require upgrading to comply with minimum codes or standards and deterioration has reached the point where major repairs or replacement are necessary. Equally as concerning is the fact that 36 per cent of Alberta's schools are rated in fair condition. This means that approximately 530 schools are aging and nearing the end of their life cycle, requiring additional expenditures for renewal or refurbishing.

Measure 2

Total Provincial
Funding for School
Capital Projects by
Year

Data Chart: Figure 2



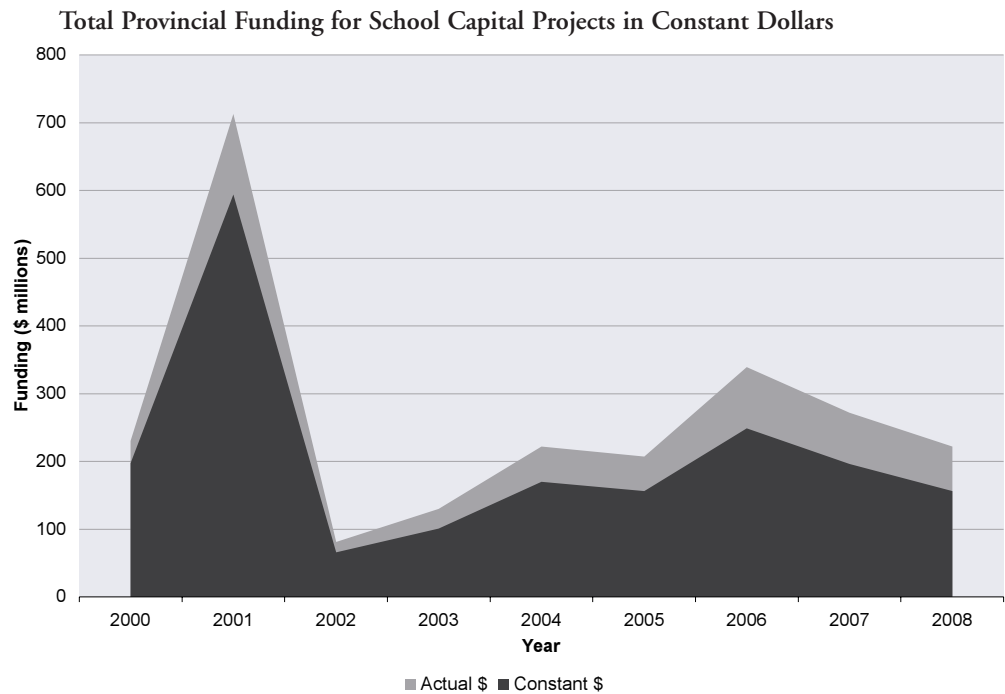
Discussion:

The provincial school capital funding trend line illustrated in Figure 2 provides evidence of the concern expressed by the ASBA regarding the need for stable and predictable funding for school facilities. The ASBA's position is that facility funding should be based on need rather than the province's revenue surplus in any given year. In its 2003 submission to the Alberta Commission on Learning, the ASBA makes the point that "investing in infrastructure only when the province has a revenue surplus creates a scenario where all sectors...get money for new buildings at the same time," resulting in competition for the same trades and resources concurrently and thereby driving up construction costs. Stable, predictable and adequate facility funding is needed for proper long-term planning.

Measure 3

Total Provincial Funding for School Capital Projects in Constant Dollars

Data Chart: Figure 3



Note: Constant dollars are based on a 1992 CPI of 100. The 2006 CPI used, from Statistics Canada, is 136. The 2007 and 2008 year CPI is a projection based on annual growth of 2.5 per cent.

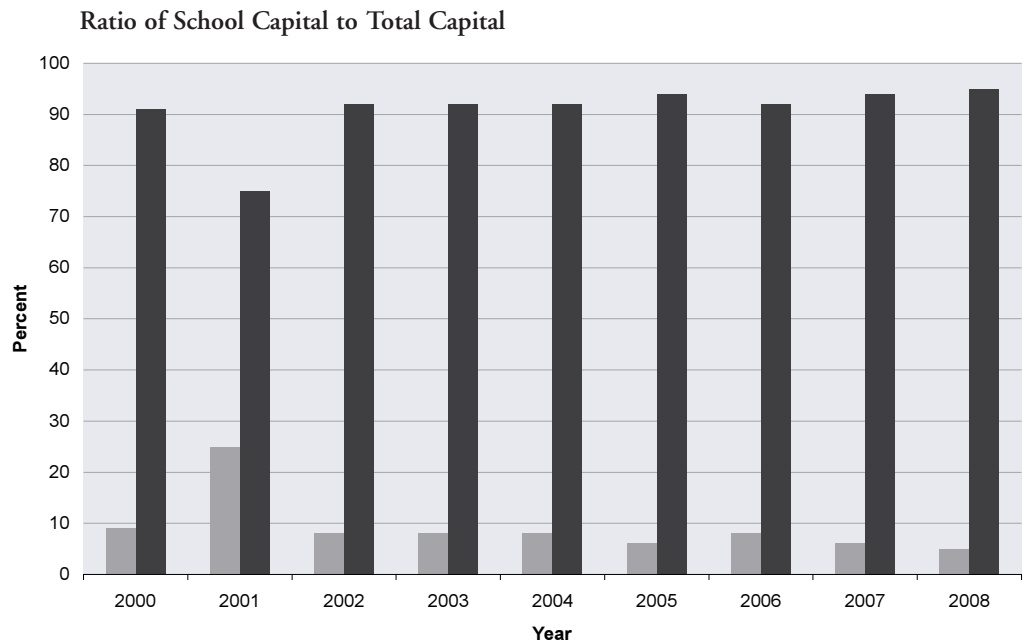
Discussion:

Figure 2 illustrates total provincial expenditures on school capital in actual or current dollars. Because inflation, as measured by the consumer price index (CPI) erodes the value of the dollar, it is difficult to compare expenditures on capital over time using current dollars. To compare dollar figures over time, current dollar values must be converted to constant dollar values. Figure 3 compares current dollar value expenditure on school capital with constant dollar expenditures. The chart indicates that, with the exception of 2006, provincial constant dollar expenditure for school capital is less, on an annual basis, than it was in 2000. The current three-year capital plan outlined in Budget 2006, for example, projects school capital expenditures of \$222 million current dollars or \$156 million constant dollars for 2008. This compares to \$230 million current dollars or \$197 million constant dollars in 2000. This represents, in constant dollars, a projected reduction of approximately 20 per cent from 2000.

Measure 4

Ratio of School Capital Projects to Total Government Capital Projects

Data Chart: Figure 4



Source: Provincial Budget Capital Plan and Annual Reports.

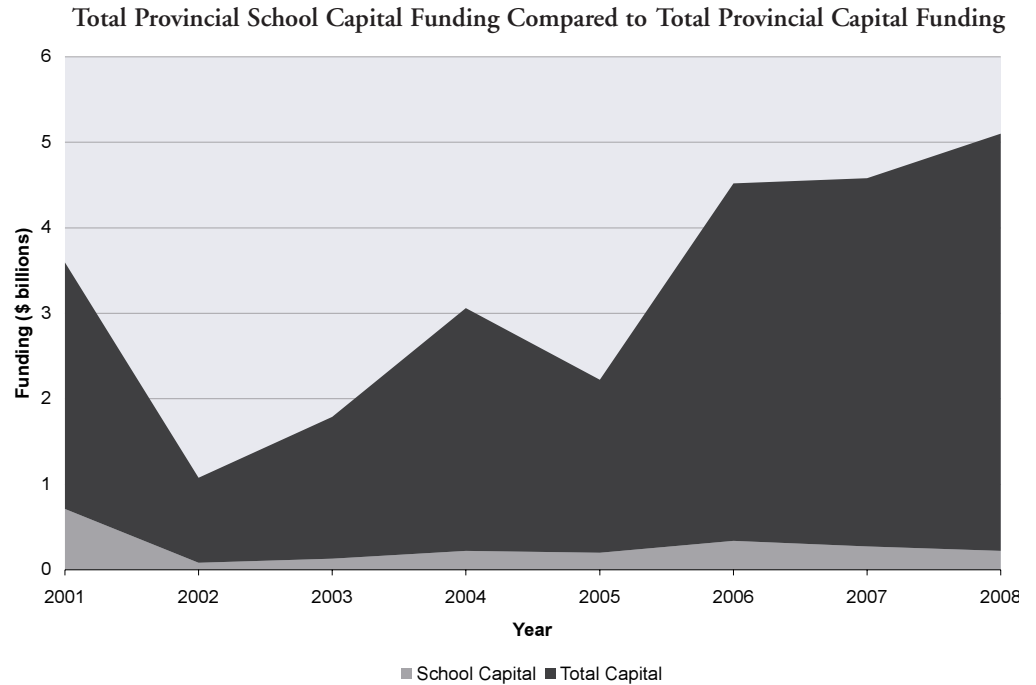
Discussion:

Figure 4 data is based on the provincial government annual report (2001 - 2004) and the provincial government budget capital plan (2006 - 2009). The data provides evidence of a significant relative drop in school capital projects compared to total provincial capital projects. In 2001, for example, approximately 25 per cent of total provincial capital projects were focused on schools. This percentage dropped to 8 per cent between 2002 and 2004, 6 per cent in 2005 and is budgeted to be 8 per cent in 2006. Of concern is that the 2006 provincial three-year capital plan shows a decreasing percentage for schools relative to total projects for 2007 and 2008, with a ratio of 6 per cent in 2007 and 5 per cent in 2008.

Measure 5

Total Provincial School Capital Funding Compared to Total Provincial Capital Funding

Data Chart: Figure 5



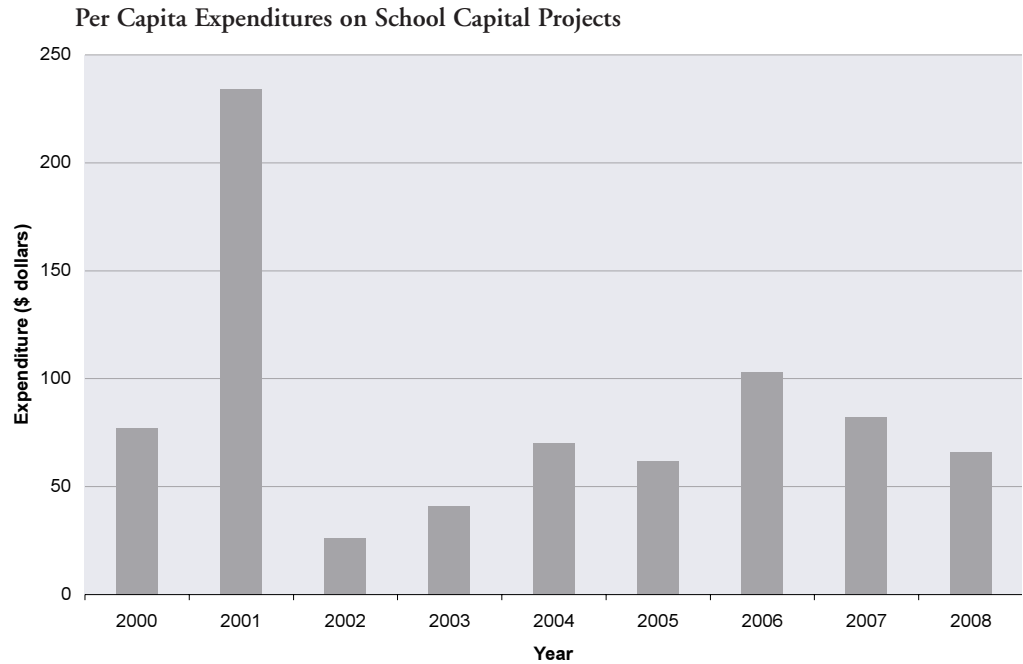
Discussion:

Figure 5 illustrates total funding for school capital over time compared to total provincial capital expenditures (actual dollars). It graphically illustrates that school capital funding is not growing in proportion to total capital funding. Figure 5 also speaks to the Learning Commission recommendation for stable and predictable funding and for sufficient funding to build schools where and when needed. In 2001, the province invested \$713 million in school capital projects out of a total capital budget of \$2.88 billion. In 2008, the province is projecting a \$222 million investment in school capital projects out of total projected capital expenditures of \$4.83 billion. While total expenditure on capital projects is predicted to double between 2001 and 2008, expenditure on school capital projects is predicted to decrease between 2001 and 2008.

Measure 6

Per Capita Expenditures on School Capital Projects

Data Chart: Figure 6



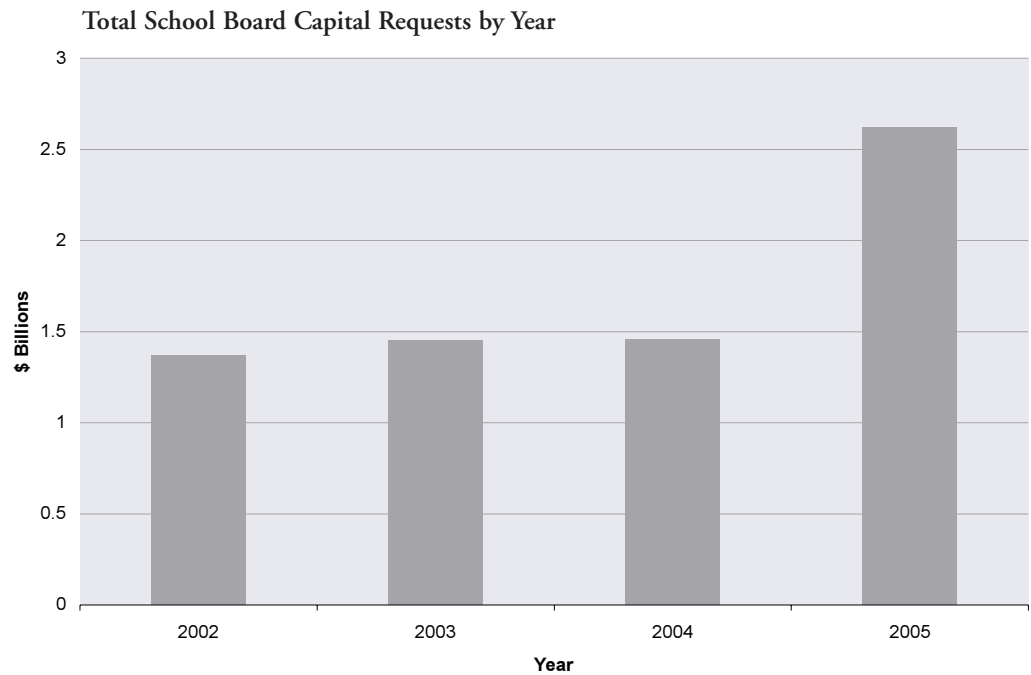
Discussion:

Alberta's population has been growing at the rate of 1.46 per cent per year or by approximately 46,500 persons. Assuming a similar continued population growth to 2008, per capita expenditures on school capital will decline from \$103 in 2006 to \$82 in 2007 and \$66 in 2008. In total numbers, Alberta's population has grown from 2,877,094 in 2000 to an expected 3,376,406 in 2008 for an increase of 499,312 persons or 17 per cent. During the same period, expenditure on school capital will have dropped from \$230 million in 2000 to \$222 million in 2008.

Measure 7

School Board
Three-Year Capital
Requests

Data Chart: Figure 7



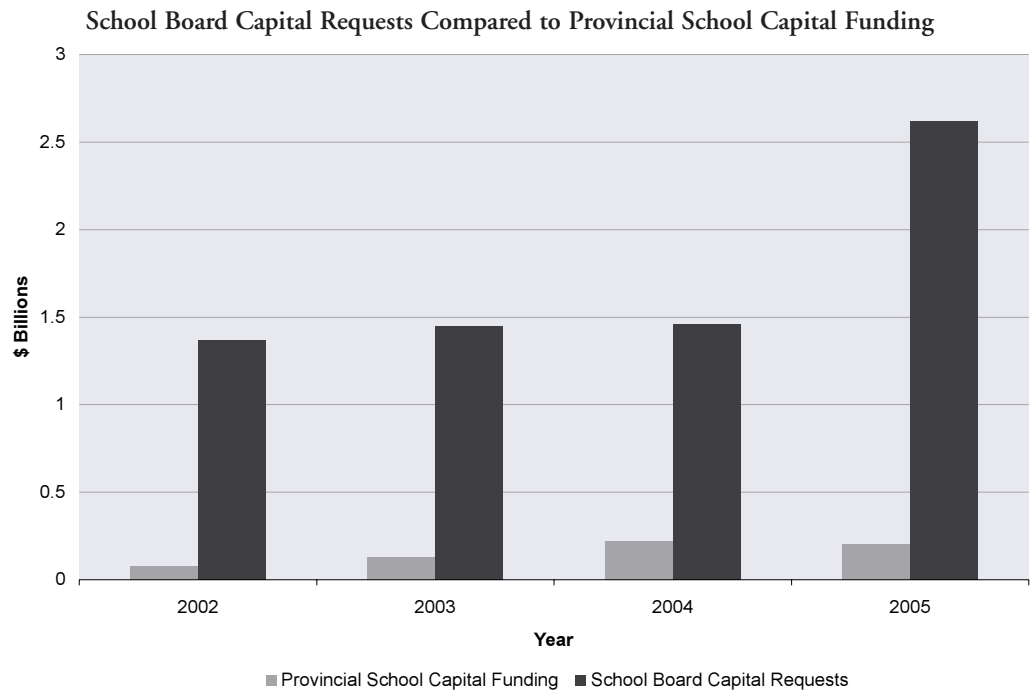
Discussion:

Figure 7 illustrates total capital requests made by school boards by year since 2002. The implementation of the web access program (WAP) in 2002 began the provincial electronic tracking of total school board capital funding requests. As indicated in Figure 7, school board capital funding requests increased modestly from \$1.37 billion in 2002 to \$1.46 billion in 2004 and then increased markedly to \$2.62 billion in 2005. Based on the assumption that school board requests are an accurate ground level assessment of capital need, Figure 7 demonstrates that school board capital needs have essentially doubled between 2002 and 2005.

Measure 8

Funding of School Board Capital Plans

Data Chart: Figure 8



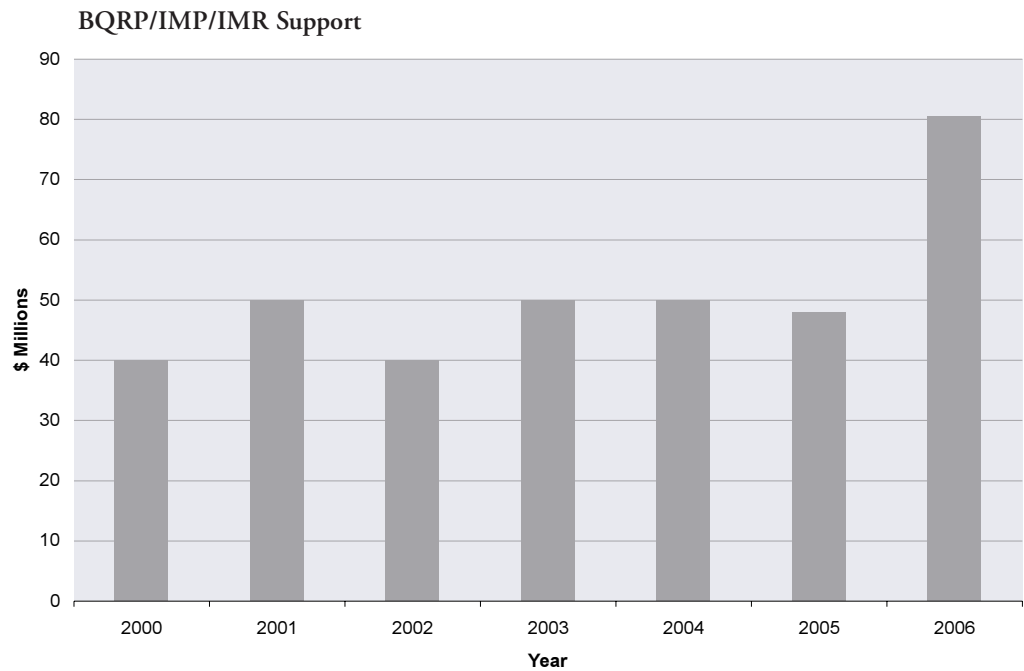
Discussion:

Figure 8 dramatically illustrates the growing gap between school board funding requests and provincial funding for school capital projects. Numerous resolutions regarding the need for adequate and predictable school infrastructure funding have been tabled on the floor of the ASBA assembly. The most recent, to be tabled at the Spring 2006 meeting, urges the government of Alberta “to provide immediate and sufficient additional funding for school modernization and capital projects to address the serious and growing infrastructure deficit affecting all school boards.”

Measure 9

Provincial IMP (BQRP) Dollar Support to School Boards by Year from 2000

Data Chart: Figure 9



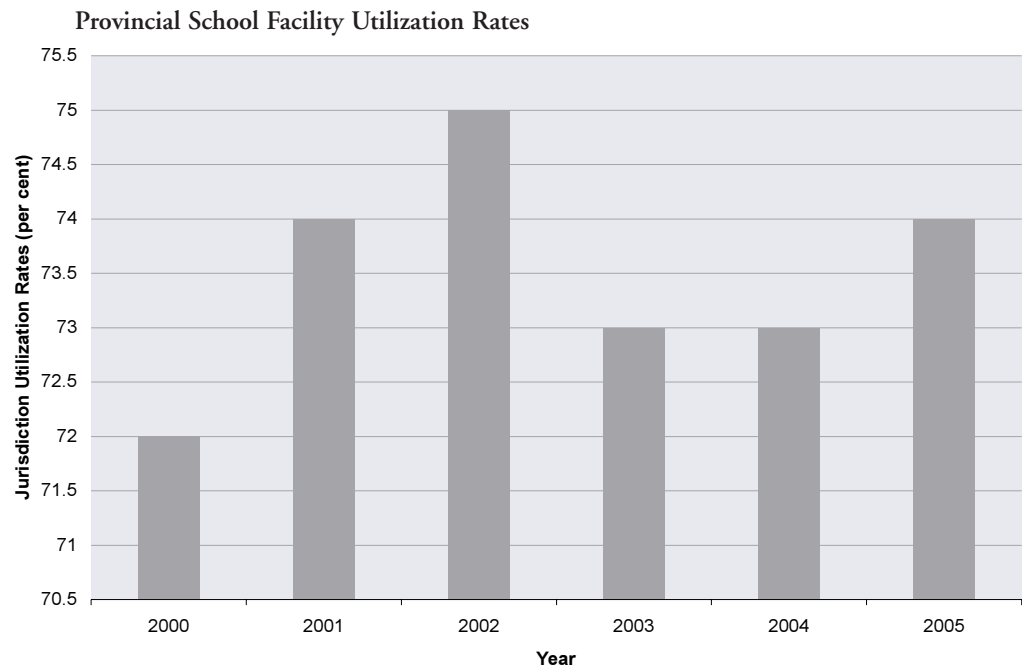
Discussion:

Infrastructure Maintenance Preservation (IMP) funding replaces the old BQRP program and is “provided specifically to upgrade building components to meet health and safety requirements, municipal requirements, or replace failed components, and modernize projects with a total construction cost of less than \$250,000.00” (School Capital Manual, 2003). IMP funding is provided as a block amount to each school board to be used within the parameters established by Alberta Infrastructure. Figure 9 illustrates trend line expenditures since 2000 of approximately \$40 to \$50 million per year. Budgeted IMP funding for 2006 will increase to approximately \$80 million from the \$48 million budgeted in 2005. This is undoubtedly good news for boards that are charged with the responsibility of ensuring functional facilities are available to students that meet current health and safety codes.

Measure 10

Utilization Rates of Alberta's Schools from 2000 to Present, by Year

Data Chart: Figure 10



Discussion:

Facility utilization is an important measure of operating efficiency. Pursuant to provincial policy, new school construction will be considered only if the utilization rate within a school jurisdiction (or sector of a school jurisdiction) has reached 85 per cent and is projected to stay at that level. Demographic shifts within the province have created significant school utilization challenges for school boards. The Alberta Commission on Learning notes:

“While Alberta’s population will continue to grow, the number of children in school will decline. The result is that we’ll continue to face problems of not having enough schools in the right places and too many schools in places where there aren’t enough students.” Page 32, Alberta’s Commission on Learning Report (2003)

School boards have been addressing their utilization issues. During the last two years, school building space has been reduced, through disposal, closure or lease, from approximately 7.6 million square meters to 7.1 million square meters. The provincial utilization rate, as a consequence, has improved from 72 per cent in 2000 to 74 per cent in 2005. Disposal of excess school space through school closure is a politically difficult, emotionally charged, yet necessary school board responsibility that boards have been fulfilling.

Conclusion

School boards are charged with the responsibility of trusteeship for approximately \$10 billion of school facilities. In addition, boards must ensure that the schools they operate are safe and provide an educationally sound learning environment. In most communities, school facilities are seen as the heart of the community, many times doubling as community and recreation centres. Funding to operate, preserve and enhance school facilities, on the other hand, is provided solely by the provincial government. Numerous studies, including Alberta's Commission on Learning, have commented on the growing school infrastructure deficit apparent in the province. Alberta's school boards are becoming increasingly concerned about this infrastructure deficit and, in response to this concern, are stepping up their advocacy efforts.

The measures and data charts used in this report provide additional evidence of this infrastructure deficit. In response to this deficit, Alberta's school boards are asking that recommendation 22 of Alberta's Commission on Learning be implemented in the 2006 – 2009 provincial capital plan, namely: "Ensure that sufficient and predictable funding is available to renovate existing schools and build new schools where and when needed."

Recommendations

1. That Alberta Education provides sufficient funding over the next three years to bring all of Alberta's schools to good condition.
2. That Alberta Education provides sufficient funding to implement recommendations 22 and 88 of Alberta's Commission on Learning report. These are:
Recommendation 22
Ensure that sufficient and predictable funding is available to renovate existing schools and build new schools where and when needed.
Recommendation 88
Address the shortfall in operations and maintenance funding on an ongoing basis.
3. That Alberta Education and Alberta Infrastructure ensure strategy 6.10 of the Infrastructure Business Plan is implemented immediately, namely, "Update and maintain guidelines for costs and space for supported facilities to reflect the impact of construction cost escalation."
4. That Alberta Education commit to funding the new facility capital requests outlined in school jurisdiction three-year capital plans.