

Armour Heights & King George - Accommodation Review Financial Analysis

The **Grants for Students Needs** (GSN) are predominately enrolment driven, based on the overall Board enrolment.

- KPR's total Budgeted GSN for 2015/16 is \$364 M
- The General Operating Allocation component of the GSN is \$342 M
- Under scenarios where Armour Heights and King George would be consolidated the vast majority of this remains unchanged, assuming that the Board's total enrolment remains the same
- There are two major components of the GSN that will change as their calculation is based on school specific enrolment – School Operations Grant & School Foundation Grant
- In 2015/16 the Ministry announced changes to the funding model that have a significant impact on the School Operations grant in future years (will review further in a later slide)

- Other grants are effected to a lesser extent such as Declining Enrolment.
- Under current rules the School Operations Grant provides funding based on the Board's total enrolment. The Top-up component of this grant provides additional school operations funding based on the specific circumstances of individual schools. The two key factors are school enrolment and OTG.
- The following excerpt from a Ministry memorandum provides an overview of how the grant works:

Base Top-up

- Eligible schools $\leq 65\%$ utilized are provided a Top-up rate that recognizes 10% of their excess capacity.
- Eligible schools $> 65\%$ utilized are provided a Top-up rate that recognizes 15% of their excess capacity up to a maximum of 95% utilization.

Enhanced Top-up

Eligibility:

- **Supported Schools:** A school facility is part of a “supported” school, which is defined as an elementary school at least 20 km and a secondary school at least 45 km away from the nearest school of the same panel and board
- **Rural School:** A school facility meets one of two criteria that qualify it as “rural”. These criteria are either that the second character of the school facility's postal code is zero (0), or that the school facility is listed as a rural school in a table in the GSN regulation.
- Other eligibility requirements as set out in GSN funding regulations.

Administration Costs

The School Foundation Grant supports school Administration costs based on the following 2014/15 formula :

Principals FTE

Elementary / Secondary:

- 0.5 for less than 50 ADE
- 1 for 50 or more ADE
- Additional principal if a combined school more than 300 elementary ADE and more than 500 secondary ADE

Vice-Principals FTE

Elementary:

- Scaled starting at 250 ADE

Secondary:

- Scaled starting at 100 ADE

Office Support FTE

Elementary / Secondary:

- 1 base FTE
 - Additional scaled starting at 100 ADE
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- In a scenario where Armour Heights were to close the expenditures would be reduced but also GSN revenue would be reduced as well under the 2015/16 funding model.
 - The following is the projected impact :

Based on Budget 2015/16 enrolment and Funding model in effect

| | | Change | |
|--------------------------------------|---|----------------|--|
| Revenue Allocation | | | |
| School Operations - Top Up | - | 47,387 | |
| School Foundation Allocation | - | 87,623 | |
| Administration & Governance (School | - | 500 | |
| Declining Enrolment change | | 22,906 | |
| Net Funding Reduction | - | 112,604 | |
| Expense Reductions | | | |
| School Operations | | 45,565 | |
| School Administration | | 60,000 | |
| Net Expense Reduction | | 105,565 | |
| Net change | - | 7,039 | |

Excerpt From Ministry Memorandum

In 2014–15, the Ministry introduced the School Board Efficiencies and Modernization (SBEM) strategy to provide incentives and supports for boards to make more efficient use of school space. The introduction of SBEM established that the goal of promoting more efficient use of school space is an important priority for the government. As many education stakeholders have told the Ministry through the annual GSN consultations, the current approach to managing school space, which diverts significant funding to support underutilized space, is fiscally unsustainable.

Ministry Action Plan to address underutilized space:

- Revisions to grants to incent boards to make more efficient use of school space;
- Revisions to the Pupil Accommodation Review Guideline (PARG) to ensure boards have a more effective tool to review their facilities, while continuing to ensure constructive public input.

Boards indicated Investments needed to realize savings over the longer term.

Ministry Action Plan:

- School Consolidation Capital (SCC) program funding to support consolidations and right-sizing of school facilities (\$750M over four years beginning in 2014–15).



The funding formula is being phased in over 3 years beginning in 2015/16 and has a significant impact on Top-up Funding.

- Base Top-up Funding eliminated
- Enhanced Top-up eligibility is revised to:

Elementary: Eligible if the next closest elementary or secondary facility of the board is 10km apart or greater.

Secondary: Eligible if the next closest secondary facility of the board is 20km apart or greater.

As before, new schools and schools that have undergone major retrofits or additions are not eligible for Top-up Funding for a five-year period.

Under a scenario where the new funding model is fully implemented in 2017/18 Board wide Top-up Funding will be reduced by approximately \$3.4M.

