



February 28, 2012

Mr. Colin Craig  
Prairie Director,  
Canadian Taxpayers Federation  
(ccraig@taxpayer.com)

Dear Mr. Craig:

I am writing in response to your recent correspondence regarding capital projects in the Prairie Valley School Division (PVSD).

As you are aware, The Board of PVSD made a decision to undertake various self-funded capital projects. Section 351 of *The Education Act, 1995*, requires a board of education to submit to the ministry a description of the project with respect to the enrolment, general specifications, space requirements, estimated project cost, financing of construction, and a tentative schedule of construction. As such, PVSD did advise the ministry about these projects and submitted all relevant information for review.

When considering approval of capital projects, the ministry reviews each project on the basis of complying with the facilities funding guidelines. This includes a review of affected programming areas, such as classroom space, as it relates to the proposed enrolments.

The ministry also advised PVSD that detailed design documents must be submitted for review and approval prior to tendering and construction. PVSD submitted these documents for the self-funded projects at Kipling School, Vibank School and the school division office expansion in Regina. These projects were approved by the ministry as compliant with facility planning guidelines in August, 2011.

The ministry publishes an Annual Major Capital Request List (AMCRL) which is a prioritized list of major capital requests that are pursuing ministry funding. The Vibank and Kipling school projects were originally placed on this list. However, these projects would not have been listed as "approved" on the AMCRL until after they were deemed eligible to receive ministry funding. The PVSD made the decision to proceed with these projects without ministry funding and therefore the projects were not recorded on the AMCRL as being approved by the ministry. Non-school capital requests, such as board office expansions, have been submitted directly by boards to the ministry.

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In addition, when the ministry received the plans for these projects, it was under the impression that PVSD had accrued a significant surplus over the last number of years, and therefore was able to self-fund these projects. However, the ministry did inform the school division that if a capital project was tendered without consent to receive ministry funding, no retroactive funding would be provided by the ministry. The school division undertook these projects knowing this and knowing that they would have to pay for them with their existing funds.

The other projects you cite in your correspondence are "minor capital" projects, which if being funded solely by a school division are required to follow the same process as major capital projects and be reviewed and approved by the ministry for facility planning guideline compliance. Past practice has been for school divisions to proceed independently with division funded minor capital projects if they have available funds.

With respect to self-funded projects going forward, ministry policy was distributed to school divisions in June 2011. The policy states that approval of building plans is not a commitment of ministry funding and school divisions will not be permitted to borrow funds for 100 per cent of self-financed projects. Furthermore, in a self-financed scenario, school divisions are not eligible to be retroactively compensated by the ministry for their expenditures and they shall forfeit their position on the AMCRL. My officials were clear during the consultations on the new funding distribution model that the funding model would redistribute everything including operating capital. During the interim funding period in place since 2009, if boards of education made the decision that in order to better serve their students and stakeholders certain capital project expenditures were necessary, I would trust that this decision was made in consideration of the fiscal parameters that were to be established under the new funding model.

At the end of the day, boards of education continue to be elected by their communities and decide how they will allocate their budget for a strong, relevant, and responsive education system.



Thank you for your letter.

Sincerely,

Donna Harpauer