

Understanding the SOPSOC Calculation

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Tracey Yan, SCSBC Director of Finance



1

Starting with the Basics

- Calculates per student cost of providing your school's regular educational program for each K-12 student
- Group 1 schools must stay below the per FTE student operating cost in their local public school district
- Calculation is subject to audit – auditor's report is submitted with the SOPSOC form by October 15



2

Starting with the Basics

Per FTE student cost =

Total operating costs

MINUS portion of operating costs spent on special education

DIVIDED BY student FTE as of May 15




3

Starting with the Basics

- Reasonableness and consistency are key
- Document your assumptions in writing and provide to your auditors
- Understand what are your core vs non-core activities
- Auditor must agree with your calculations to be able to sign the auditor's report (within their materiality)
- Where there is uncertainty, contact the Ministry of Education to confirm



4



Ministry of
Education and
Child Care
Independent Schools

STANDARD SCHOOLS
STATEMENT OF PER STUDENT OPERATING COSTS (SOPSOC)
COMPLETED FORM AND AUDITORS' REPORT DUE ON OR BEFORE:
OCTOBER 15, 2023

SCHOOL YEAR 2022/23

This form is to be completed and submitted to the Ministry along with an Auditors' Report by all Group 1 standard schools, and any Group 2 standard school wishing to qualify (Per Student FTE operating cost is below the public school district cost) for Group 1 classification for the 2023/24 school year.

Management of the Authority is responsible for the completion of this form (not the auditor) which represents their assertion regarding compliance. This form should be prepared and signed off by the Authority (not the auditor) and submitted to the Ministry along with an Auditors' Report.

SCHOOL CODE:	SCHOOL NAME:	CITY:
AUTHORITY NO.:	AUTHORITY (SOCIETY) NAME:	

A.	Total operating costs of the school for the 2022/23 school year	\$
B.	Total operating costs expended for special education students for the 2022/23 school year, who met the criteria in 2.B (a) or (b) of the Per FTE Student Cost Order. Schools that received Special Education funding in 2021/22 must report costs associated with Special Education programs offered	-
C.	Total operating costs for the 2022/23 school year for per-student operating cost calculation purposes, calculated in accordance with the Per FTE Student Cost Order	= \$
D.	Number of Full-Time Equivalent (FTE) students enrolled in the 2022/23 school year as reported in Section II of the 2022/23 Eligible Student Form	
E.	Number of registered home schoolers (1/16 FTE) may be included for each home schooled student reported on the January Eligible Student Funding Statement (Report 4584) for the 2022/23 school year [number of HS divided by 16]	+
F.	Total Number of FTEs ["D" + "E"]	=
G.	Total Per FTE student Cost is ["C" divided by "F"]	\$

Our Auditor is qualified under the *Societies Act*, and has appropriate licensing (Audit category) from the Chartered Professional Accountants of BC (CPABC)

 Attached Auditors' Report (CAS 805) as provided to the Authority by the external auditor

Signature of Authorized Individual

Date


What is an operating cost?

What is a SPED cost?



Operating Expenses

- Independent School Act definition:
"Operating expenses" means all expenses incurred by an authority that are not capital expenses...
- Specifically includes:
 - Expenses incurred in operation, repair, maintenance and minor alteration of buildings used for or in connection with independent school purposes
 - Expenses incurred in the maintenance of furniture & equipment and their **replacement**
 - Expenses for feasibility studies or options for securing sites or buildings
 - Principal repayments and interest payments on debt (*specifically operating debt, not LOC*)



Capital Expenses

- Independent School Act definition:
 - “Capital expenses” means expenses incurred for
 - Acquiring assets of a permanent or semi-permanent nature
 - Acquiring and developing land for a school site
 - Purchasing, constructing, reconstructing, making major alterations to, furnishing and equipping buildings
 - Acquiring vehicles & accessories
 - Contingent or other expenses of a capital nature
- Includes principal & interest on capital debt, cost of leasing facilities, property taxes, purchasing NEW equipment and furniture (not replacements)



7

Extracurricular Programs (Core vs Non-Core)

- Activities which are part of the school curriculum/program – costs must be included in the SOPSOC regardless of who pays for them (school, parents, PAC, another organization)
 - Examples: class field trips/camps, required trips part of a course credit, costs for elective classes (art, foods, etc.), graduation ceremonies
- Activities which are not part of the school curriculum/program (optional activities) - costs are excluded from the SOPSOC regardless of who pays for them
 - Examples: sports teams, after school clubs, hot lunch programs, optional band or ski trips, extra graduation activities, optional camps
- Decision on what is extracurricular vs programming/curriculum may be subjective – generally anything that is in the school’s course list or normal class program is core, while optional or after-school activities are extra curricular



8

Other Specific Examples

- Preschools/daycares/after school programs/cafeteria/summer programs – any non-core programs
 - Direct costs: salaries, supplies
 - Indirect costs: utilities, janitorial, maintenance, office admin, photocopier, etc.
 - Allocate indirect operating expenses to non-core programs in a reasonable manner that is consistent from year to year, e.g. number of students or square footage
 - Allocation in internal accounting records not required to allow for allocation for SOPSOC purposes



9

Other Specific Examples

- Transportation
 - Bussing costs are included in the public district's costs and therefore must be included for independent schools
 - Not differentiated based on who provides the cost, i.e. school-owned busses & drivers on staff vs third-party bussing company
- International programs – some judgement needed
 - Students are included in the ES count used to calculate per student operating cost, so all educational expenses should be included
 - May use judgement on non-educational costs such as homestay, agent commissions, admin costs



10

Other Specific Examples

- Gifts in kind
 - If the donation is for an expense the school would otherwise have to incur to operate, then the GIK is included in operating expenses
 - e.g. donation of textbooks or entry fees for a class field trip
 - If the donation is for an expense that is not required for the school to operate, i.e. a discretionary or extra expense, then it can be excluded from the SOPSOC
 - e.g. donation of playground equipment or items for a silent auction
 - Review PAC expenditures as if they were gifts in kind
- Chaplain salary
 - Generally religious/secular definitions don't apply to SOPSOC
 - Effect on SOPSOC would depend on the nature of the role, i.e. replacing regular counselling or Bible instruction staff, or is this truly non-core



11

Other Specific Examples

- Amortization expense, bad debts expense, tuition assistance expense
 - Excluded from SOPSOC as these are not actual cash expenses, i.e. no cash outlay
- Society membership fees, board expenses, fundraising expenses, post-secondary scholarships, student council, charitable donations
 - Non-curricular in nature and can be excluded from SOPSOC
- Advancement & capital campaigns
 - During a capital campaign, related costs can be designated as capital expenses since they are incurred for the purchase or building of the capital assets
 - Other advancement or admissions costs - use judgement but likely much can be excluded



12

Special Education Expenses

SPED expenses reported on the SOPSOC form must exceed the SPED grant, or the Ministry will request repayment

Distinguish between:

- SPED expenses accounted for during a SPED audit by the Ministry
- SPED expenses accounted for on the SOPSOC form



13

Special Education Expenses

SPED expenses accounted for during a SPED audit by the Ministry:

- Need to demonstrate that grants were spent to meet the needs of the *qualifying student or students*.
- Typically this includes direct salaries (EAs, coordinators), supplies/resources, assessments, specialists, etc.
- Levels 1,2,3 or Cat A-H students



14

Special Education Expenses

SPED expenses accounted for on the SOPSOC form:
(Source: Per FTE Student Cost Order)

Portion of operating expenses spent on

1. Students eligible for supplementary funding (Levels 1-3)
 2. Students receiving instruction under a 5:1 or less student/teacher ratio for the majority of the day
- Can include reasonable allocation of shareable costs (overhead) – utilities, office & admin, photocopier, janitorial, etc.
 - Allocation typically based on number of students, but can use square footage if you have a designated space for the program
 - Excludes expenses for learning assistance and unfunded students (unless they meet the 2nd definition above)



15

Sample SOPSOC Calculation

ABC Independent School			
SOPSOC Calculation for Year Ending July 31, 2024			
Total operating expenses per financial statements			\$ 4,000,000
PLUS:			
Replacement of computer equipment		15,000	
Replacement of furniture		5,000	
Principal repayment of operating debt		40,000	60,000
LESS:			
Capital items	Amortization expense	300,000	
	Mortgage interest	100,000	
	Rental expense	20,000	420,000
Non-core programs	Preschool	30,000	
	Fundraising expenses (auction)	8,000	
	SCSBC membership fees	20,000	
	Board expenses	1,500	
	Capital campaign expenses (salary, supplies)	24,000	83,500
Non-cash expenses	Bad debts expense	2,500	
	Tuition assistance expense	25,000	
	Gifts in kind expense (piano)	500	28,000
Extracurriculars	After school athletics teams	3,000	
	Band trip (optional)	4,200	
	Hot lunch expenses	6,000	13,200
Total operating expenses for SOPSOC purposes			3,515,300
LESS:			
Special needs expenses	EA salaries & benefits	400,000	
	Program coordinator salary & benefits	80,000	
	Supplies & resources	50,000	
	Specialists	20,000	
	Overhead allocation (% of students)	12,000	562,000
Total operating costs per the FTE student cost order			2,953,300
FTE students			310
Per FTE student cost			\$ 9,526.77
Public district per FTE operating cost			\$ 11,000.00

16

Per FTE Student Operating Cost for Public Schools

Total operating grant + special grants
 MINUS annual facility grant
 MINUS total local capital expenditures
 DIVIDED BY district FTE students on September 30

Operating grant = per student funding x FTE students
 Special grants = salary funding, classroom funding, etc.
 Annual facility grant = amount for facility capital projects
 Local capital expenditures = capital projects financed from the annual budget



17

Per Student Operating Cost for Public Schools

- Don't confuse the per student FTE operating cost for public schools with the numbers used to calculate independent school grants
- The per student FTE operating cost is significantly higher than the per student grants used in the independent school grant calculation
- One reason for the difference is that grants are based on Sept public school enrollment, but per student FTE operating costs are based on the full year
- Also some differences in how revenues/expenses are accounted for – the public and independent schools are never directly comparable



18

Per FTE Student Cost Adjustment (ISA Schedule Section 3.1)

- If a group 1 school has operated for at least 3 years and its per student operating cost exceeds the public district cost in any given year, it can apply for an adjustment *by November 1*
- Ministry must be satisfied that the excess cost was due to unforeseen circumstances beyond the school's control
- Per student operating costs will then be averaged over the previous 3 school years instead of only the previous year, and will be compared to the average of the previous 3 years for the public school district

