

Bond rating of separate board plummets due to debt load

JULIE CASPERSEN
Staff Reporter

A \$115 million mortgage debt held by the York Region Roman Catholic Separate School Board has caused its bond rating to plummet five points.

The separate system opened five new schools this year, one an elementary school in Markham, but trustees took a stand earlier this year and promised no more new schools until financing is in place before construction begins.

"Why has it taken this long for people to realize that there is a direct connection between the building of schools and the board's debt?" said board chair Terry Ryan, adding that seven elementary and three high schools have been built in less than three years.

"That's well over \$100 million worth of land acquisition and construction."

The board is allowed to issue debentures as a way of financing new school construction, although it is currently in a legal fight for the right to charge levies on new home and business construction to help off set the cost.

This legal battle with the Ontario Home Builders' Association, coupled with the board's debenture debt plus its operating deficit that could reach upwards of \$25 million this year has prompted the downgrading of its bond rating from AA-minus to BBB.

"This (drop) cuts off access to long-term funding and stops school construction dead in its tracks," said board spokesperson Don O'Shaughnessy. "It is a very great threat to long-term funding needed for school mortgages."

Last May the Ministry of Education was asked to help

set up a third party review of the board's operation to make cost economy recommendations.

So far, the ministry has not responded, O'Shaughnessy said.

The board expects attendance to jump by more than 2,000 students this year for a total population exceeding 42,000. This represents more than one

third of the students in the public and separate school systems in York Region but the board maintains it receives less than one quarter of the government funding.

"This is an effective \$15 million annual penalty," Ryan said. "Do you think that now that a bond rating agency has spoken up, someone is finally going to listen?"

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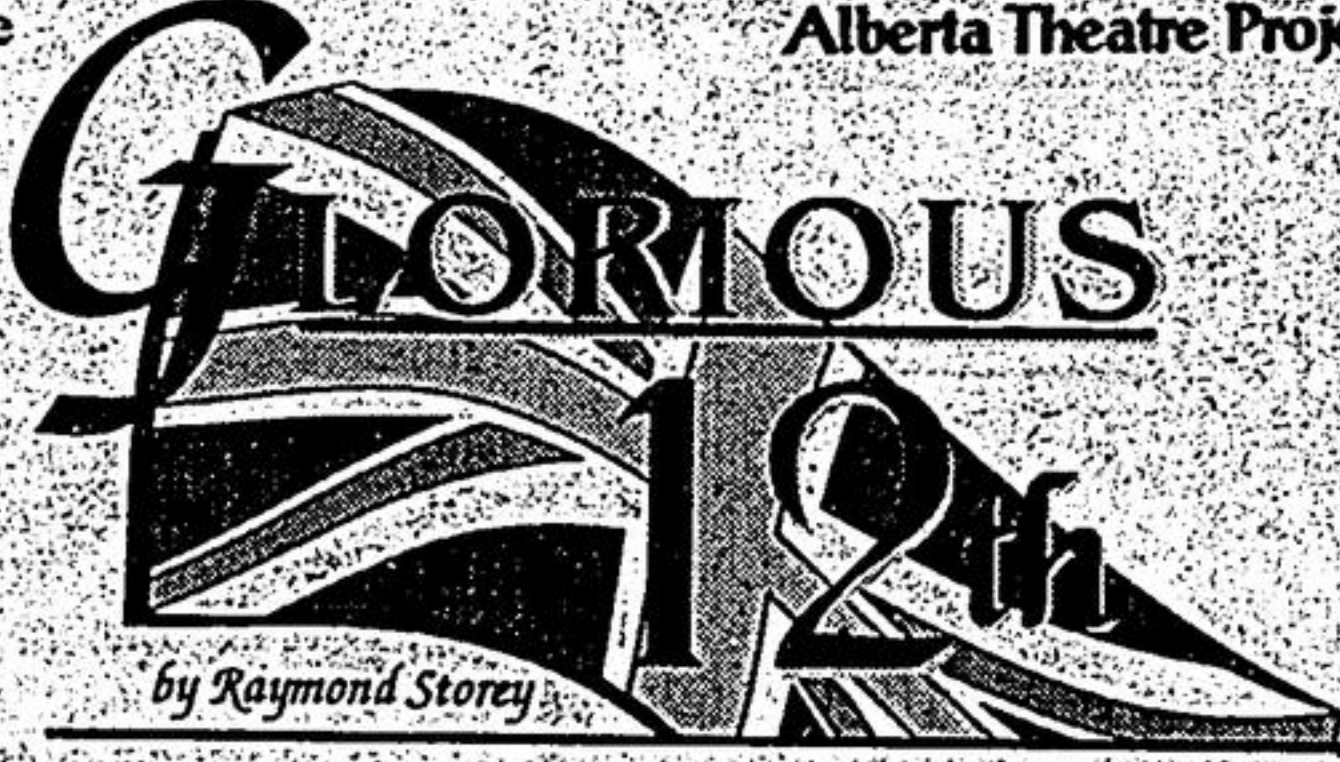
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Board briefs

Residents wanting to voice concerns on education can do so in November. The Royal Commission on Learning will start combing the province for feedback beginning this month in Thunder Bay. The five-member commission will be in Markham Nov. 22 for a public hearing. Individuals and groups wanting to make a presentation can call 325-2707 for more information on specific times and locations.

Business ties forged

The York Region Board of Education resolved to encourage students to forge a relationship with business.

A plea by students and teachers in local chapters of DECA (Distributive Education Clubs of America) asked the board to back students pursuing entrepreneurial links with the business communities.

Trustees stopped short of supporting a motion to actively promote DECA clubs, but voiced their encouragement of such activities in local high schools. Thirty York Region students attended the 1993 conference in the United States where 10,000 students competed.

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