

On PPAR

Several terms from the Physical Plant Assessment Ratios (PPAR) questionnaire are defined below to assure that all results are based on the same accounting criterion. If you have any suggestions for the PPAR program (scope, questionnaire, etc.), feel free to email us at PPAR@buildingsolns.com.

Facility Audit – an evaluation of the physical condition of the campus including an assessment of compliance with current health and safety codes.

According to the NAIS manual, *Business Management for Independent Schools* (1997), facility audits provide “crucial information about the physical plant such as current replacement value, total cost of deferred maintenance, priority of capital replacement needs, and fiscal projections for budgeting purposes” (p. 122). The manual further details the importance of facility audits:

1. The physical plant probably represents the largest single asset the school owns and manages.
2. The physical plant represents the most significant source of safety/health issues and possible legal liability.
3. The physical plant may well be the most important tool in the school’s public relations plan (Kaull, 1997, p. 122).

“Proper stewardship of facilities assets includes an initial facilities audit, repeated at appropriate intervals, to determine both the physical condition and the functional performance of existing facilities” (p. 36).

Insurance Value of Plant – For purposes of this questionnaire, the insurance value is simply the value of the plant listed on your school’s property & casualty insurance policy. In general, insurance value refers to the financial resources required to rebuild the entire plant at current labor and material costs in the event of a casualty loss. This usually excludes the cost of rebuilding foundations, sidewalks, underground utilities, paving, etc.

Operating Expenses (Facility) – For purposes of this questionnaire, only operating expenses dealing with the facility should be included. This includes utilities, taxes, insurance, supplies, equipment, incidental or routine maintenance, and facilities payroll

PPRRSM (Physical Plant Replacement, Reserve & Special Maintenance) – According to *Business Management for Independent Schools* (1997), PPRRSM is a “program of annual ‘reinvestment’ in facilities maintenance and upgrades” (p. 36). This fund accomplishes three primary objectives:

1. Enable “catch-up” maintenance.
2. Set aside funds to “maintain the good condition of the plant for its present uses.”
3. Prepare reserves to pay for modifications and updates to the physical plant (Kaull, 1997, p. 36).

While depreciation expense and the PPRRSM reserve both address costs associated with the deterioration and loss of economic value of facilities through use and functional obsolescence, these concepts are quite distinct. Depreciation is based on the historical cost of plant assets; PPRRSM funding is based on the replacement cost of plant assets. Depreciation is not a source of funds to accomplish renewal and adaptation activities; PPRRSM funding establishes and annually funds reserves that are committed to these activities (Kaull, 1997, p. 36).

PPRRSM allows for orderly planning of plant renewal and replacement and “provides a source of funds for the timely correction of system failures when they occur” (Kaull, 1997, p. 36).

Replacement Expenses – Amount expensed in the current year for plant replacement, improvement, and update (e.g. removing or reinstalling discrete major building components) excluding repairs, routine maintenance, and supplies. Replacement expenses are usually expensed from the Replacement Reserve/PPRRSM fund, if one exists.

Replacement Reserve – another name for a PPRRSM fund

Replacement Value – Estimate of the financial resources required to replicate the facility at current construction rates including all hard and soft costs.

Reserve Account Contribution – Total yearly addition to the Replacement Reserve (PPRRSM) fund for disbursement in the future. Funds expensed in the current fiscal year are not included.

References

Kaull, James T. (Ed.). (1997). *Business Management for Independent Schools* (5th ed.). Washington DC: National Association of Independent Schools.

The PPAR Assembly

All of these schools have been invited to participate in the PPAR Facility Management Survey. Schools listed in **Bold** are clients of Building Solutions.

Arizona

All Saints' Episcopal Day School – Phoenix

Arkansas

Cathedral School, The – Little Rock

Georgia

Winston School, The – College Park

Kansas

Topeka Collegiate School – Topeka

Wichita Collegiate School – Wichita

Louisiana

Episcopal High School – Baton Rouge

Isidore Newman School – New Orleans

Metairie Park Country Day School – Metairie

Southfield School - Shreveport

Maryland

Key School, The – Annapolis

Missouri

Barstow School – Kansas City

St. Paul's Episcopal Day School – Kansas City

New Jersey

Purnell School - Pottersville

New Mexico

Albuquerque Academy - Albuquerque

Oklahoma

Casady School – Oklahoma City

Holland Hall School - Tulsa

Pennsylvania

Hill School, The – Pottstown

Tennessee

Hutchison School - Memphis

Texas

Akiba Academy - Dallas

All Saint's Episcopal School – Fort Worth

Awty International School in Houston, The

Annunciation Orthodox School – Houston

Bishop Lynch High School - Dallas

Canterbury Episcopal School, The – DeSoto

Cistercian Preparatory School – Irving

Texas (cont.)

Clariden School, The – Southlake

Dallas Academy

Duchesne Academy of the Sacred Heart - Houston

Episcopal High School – Bellaire

Episcopal School of Dallas

Fort Bend Baptist Academy – Sugar Land

Fort Worth Country Day School

Good Shepherd Episcopal School - Dallas

Greenhill School – Addison

Hill School – Fort Worth

Hockaday School - Dallas

Jesuit College Preparatory – Dallas

Kinkaid School, The - Houston

Lamplighter School, The – Dallas

Lutheran High School – Dallas

Nolan Catholic High School – Fort Worth

North Hills School, The – Irving

Oakridge School, The - Arlington

Parish Episcopal School, The – Dallas

Prestonwood Christian Academy - Plano

Providence Christian School of Texas - Dallas

River Oaks Baptist School – Houston

Selwyn School, The – Denton

Shelton School, The – Dallas

St. Alcuin's Montessori School - Dallas

St. Francis Episcopal Day School – Houston

St. John's Episcopal School – Dallas

St. John's School – Houston

St. Mark's School of Texas – Dallas

St. Phillips School – Dallas

St. Stephen's Episcopal School - Austin

Strake Jesuit College Preparatory – Houston

Texas Military Institute – San Antonio

Trinity Christian Academy – Addison

Trinity Valley School – Fort Worth

Ursuline Academy of Dallas

Woodward Academy – Dallas

THE FINE PRINT

Privacy:

To enable each participant to compare his/her school to the peers that he/she feels most similar to, school names will be disclosed in the results unless you expressly request otherwise. If you want to remain anonymous, indicate your wish for anonymity by checking the "I would like to remain anonymous" box at the end of the questionnaire. If your results are submitted anonymously, you will receive the PPAR™ report for 2006, but you will not receive the survey data for the other participants.

Play nice. Do not give the survey data to any non-PPAR participants including other schools, suppliers, consultants, vendors, etc.

Since we are making the investment to produce these PPAR results, Building Solutions reserves the right to use data as we see fit to aid and assist future independent school clientele. We will respect any requests for anonymity, however.

You are encouraged to use the PPAR™ report and survey data freely for your decision-making and internal communications. The PPAR™ report is copyrighted material and may not be reproduced or distributed to those outside your own institution.

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Kathey Allen - Director of Purchasing and Communications at School Office Services (SOS)

David Berend – Chief financial officer at Jesuit College Preparatory of Dallas

Chris Burrow – Chief financial officer at Episcopal School of Dallas

Mary Pat Higgins – Chief financial officer at Hockaday School in Dallas

Paul Mayhew – Business officer at Duchesne Academy of the Sacred Heart in Houston

Melissa Orth – Chief financial officer at Greenhill School in Addison

Bill Rollings – President of School Office Services (SOS)

Nathan Sheldon – Director of finance & operations at Casady School in Oklahoma City

Bruce Thompson – Director of buildings and grounds at Greenhill School in Addison

Vance Ulsh – Head of business & operations at St. Francis Episcopal Day School in Houston