

## report to Board of Trustees

### 2015-16 Interim Budget

Date	May 12, 2015
Meeting Type	Regular Meeting, Public Agenda
To	Board of Trustees
From	David Stevenson, Chief Superintendent of Schools
Purpose	Decision and Information
Originator	Brad Grundy , Superintendent, Chief Financial Officer, Corporate Treasurer
Governance Policy Reference	Operational Expectations OE-5: Financial Planning OE-6: Financial Condition OE-7: Asset Protection OE-8: Communication With and Support for the Board
Resource Persons	Superintendents Team Finance / Technology Services staff Members of the Capital Budget Council

## 1 | Recommendation

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It is recommended:

- THAT this 2015-16 Interim Budget be approved as presented and submitted to Alberta Education, as required.

## 2 | Issue

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Section 147(2) of the *School Act* requires that the Calgary Board of Education submit to Alberta Education, by May 31 of each year, a budget for the fiscal year beginning on the following September 1.

In accordance with the Board of Trustees' Operational Expectation OE-5: Financial Planning, the Chief Superintendent shall develop and maintain a multi-year financial plan that is related directly to the Board's Results priorities and Operational Expectations goals, and that avoids long-term fiscal jeopardy to the organization.

## 3 | Background

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In accordance with the *School Act* and the intent of Operational Expectation OE 5: Financial Planning, the Chief Superintendent is required to prepare and submit to the Board of Trustees, for review and approval, a budget which is balanced, so that the proposed expenses do not exceed the projected revenues to be received by the Calgary Board of Education or from other identified funding sources such as reserves or unrestricted net assets.

This 2015-16 Interim Budget is based upon assumptions provided to the Board of Trustees for information on April 14, 2015 (based on the previous government's Budget 2015 document) and adjusted for high-level assumptions related to the new government's budget. At this time there is a high level of uncertainty related to the new government's budget direction. The development of this interim budget was guided by the CBE's values:

- Students come first
- Learning is our central purpose
- Public education serves the common good

The interim budget is also influenced by the CBE's Mission, Alberta Education's *Inspiring Education*, and the CBE's Three Year Education Plan and the Board's summative evaluation of the Chief Superintendent.

## 4 | Analysis

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On April 24, 2015, administration allocated amounts to schools for the 2015-16 school year, through the Resource Allocation Method (RAM). The RAM distribution begins the Spring Staffing process. The Spring Staffing process is one of the largest processes at the CBE and is the process by which schools are staffed for the beginning of the next school year. Lead time is necessary to ensure proper compliance with collective agreements. Resources were allocated to schools to fund growth and maintain 2014-15 class size, based on current projections.

On May 5, 2015, a new provincial government was elected by the citizens of Alberta. The CBE awaits budget direction from this new government. Until such time as direction is received, the CBE will maintain the current levels of operations while planning for the future, including the continuing of school planning and organization activities for next year. Future changes may include:

- The amounts and types of allocations provided to schools in the RAM.
- The amounts and types of services provided by Service Units.
- The fees charged to parents for Noon Supervision, Instructional Supplies and Materials and Transportation.
- Program and services related to changes to the School Act, and Inspiring Education, anticipated to be enacted for the 2015-16 school year.

The key highlights of the 2015-16 Interim Budget are:

- Funds allocated directly to schools via the Resource Allocation Method have increased year over year to maintain class sizes and fund growth, based on current projections, and subject to principal deployment decisions.
- Revenue from Alberta Education will be sufficient to maintain all operations in a manner consistent with operations in the 2014-15 school year.
- Fee revenue will be increased by \$5.8 million year-over-year due primarily to enrolment growth. Consistent with current budget principles, fee revenue for transportation, noon supervision and Instructional Supplies and Materials (ISM) will fully fund the gap between targeted Alberta Education funding and direct program costs, including waivers and uncollectible accounts. There will be no contribution from the instructional budget to support fee-based programs and services. Fee levels are subject to change given budget direction from Alberta's new government. Attachment I includes information regarding the fees proposed in this interim budget.
- The 2015-16 budget is balanced without the use of reserves. The CBE is committed to working collaboratively with the Government of Alberta regarding the use of available reserves to support student learning and advancing the CBE's and government's learning agenda. The amount of available reserves as at August 31, 2015 is projected to be between 2% and 3% of total CBE revenue.
- Non-facility capital project spending will be \$25.4 million, in order to invest in strategic projects that will sustain critical systems and enable the system to better accommodate student learning needs and enrolment growth in future years.
- The CBE will continue to work with Alberta Education regarding commissioning costs related to new school openings anticipated for the 2016-17 school year. These costs have not been factored into this interim budget.
- The CBE will carry on continuously improving in ways that benefit students and their learning as well as continue to advance the priorities of the Chief Superintendent. It is anticipated these strategies will include:
  - The redesign of kindergarten through high school programs and services to optimize student success by supporting a variety of program choices and opportunities within the new fiscal reality,
  - Enhancing and further integrating programs and services provided by CBe-Learn, Chinook Learning, Encore, Discovering Choices and our outreach services with a view to providing each student with the best programs and services within available resources,
  - Further integrating the provision of centralized and decentralized specialized supports and services to students, teachers and schools.
  - Making school based management "easier" by streamlining the provision of administrative services and supports to schools and moving to further standardization in non-teaching supports,
  - Evaluating the current model of the RAM to schools,
  - Seeking further operational efficiencies where appropriate.
- Service Unit budgets have been maintained in this interim budget to provide the same levels of service to students and schools as in the 2014-15 school year, subject to continuous improvement and operational efficiency reviews as mentioned above. Ultimate service levels may be impacted by provincial government budget decisions.
- As required by law, the budget for 2015-16 is balanced.

A summary of the 2015-16 Interim Budget, in comparison with 2014-15 is as follows:

### Interim 2015-16 Budget

for the period 2015-16 (with comparatives for 2013-14 and 2014-15)  
(all figures in \$ thousands)

	Actuals	Budget		Variance from 2014-15	
	2013-14	2014-15 Fall Update	2015-16	Increase / (decrease)	%
<b>REVENUES</b>					
Alberta Education	1,101,997	1,136,965	1,177,106 *	40,141	3.5
Fees	40,453	46,736	52,495	5,759	12.3
Other sales and services	20,677	19,684	23,388	3,704	18.8
Other revenue	36,317	30,462	25,571	(4,891)	(16.1)
<b>Total Revenues</b>	<b>1,199,444</b>	<b>1,233,847</b>	<b>1,278,560</b>	<b>44,713</b>	<b>3.6</b>
<b>EXPENSES BY BLOCK</b>					
Instruction: ECS - grade 12	937,715	996,079	1,024,523	28,444	2.9
Plant operations and maintenance	151,746	148,886	147,231	(1,655)	(1.1)
Transportation	40,815	44,698	48,128	3,430	7.7
Board and system administration	36,603	35,779	36,183	404	1.1
External services	23,421	23,049	22,495	(554)	(2.4)
<b>Total Expenses</b>	<b>1,190,300</b>	<b>1,248,491</b>	<b>1,278,560</b>	<b>30,069</b>	<b>2.4</b>
<b>EXPENSES BY OBJECT</b>					
Certificated salaries and benefits	695,584	730,184	755,424	25,240	3.5
Support staff salaries and benefits	231,845	256,010	253,065	(2,945)	(1.2)
Services, contracts and supplies	207,290	205,767	211,279	5,512	2.7
Amortization expenses	52,161	52,042	53,762	1,720	3.3
Interest on capital debt expenses	859	560	356	(204)	(36.4)
Other interest charges	1,243	758	777	19	2.6
Other expenses	1,318	3,170	3,897	727	22.9
<b>Total Expenses</b>	<b>1,190,300</b>	<b>1,248,491</b>	<b>1,278,560</b>	<b>30,069</b>	<b>2.4</b>
<b>Operating surplus / (deficit)</b>	<b>9,144</b>	<b>(14,644)</b>	<b>-</b>	<b>14,644</b>	<b>(100.0)</b>
Transfers (to)/from operating reserves	(5,429)	18,773	-	(18,773)	(100.0)
Board funded amortization	21,505	21,832	23,618	1,786	8.2
Capital acquisitions and debt repayment	(23,346)	(26,605)	(25,375)	1,230	(4.6)
Debt repayments	(3,301)	(2,750)	(2,243)	507	(18.4)
Use of capital reserves	1,427	3,394	4,000	606	17.9
Capital items paid by operating funds	(3,715)	(4,129)	-	4,129	(100.0)
<b>Surplus</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

\* The Alberta Education revenue amount has been assumed by the CBE, to be confirmed by the provincial government

## 5 | Financial Impact

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Overall balanced position.

The CBE will achieve a balanced position for this operating budget for 2015-16 after taking into account:

- assumed revenues and projected expenses identified above for 2015-16;
- maintaining operations and planning activities at the same level as for the 2014-15 school year for both schools and service units;
- funding enrolment and maintaining class size; and
- maintaining school fees at a level consistent with 2014-15 school year, except for Noon Supervision fees, which are expected to increase, subject to the final provincial budget, by \$5 for each type of service.

## 6 | Implementation Consequences

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The approval of the 2015-16 Interim Budget will meet the requirement to balance the budget and to submit a budget to Alberta Education by May 31.

This interim budget is subject to future provincial budget direction. In the event future budget direction is materially different from the assumptions included in this report, Administration will submit to the Board of Trustees any material changes in a final budget report. The timing of that final budget report is not known at this time.

Any significant difference in funding for amounts to be allocated to schools in the RAM may mean that certain decisions that have been made by principals regarding school organization and planning would need to be revisited and changed. This will be done prospectively and as soon as practicable based on provincial government budget timelines.

## 7 | Conclusion

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The 2015-16 Interim Budget with planned total revenues of \$1,278.6 million, total expenditures of \$1,278.6 million and \$25.4 million in non-facility capital acquisitions is balanced and complies with the Board of Trustees' policies, as well as the provisions of the Alberta Education Funding Framework, and the *School Act*.



DAVID STEVENSON  
CHIEF SUPERINTENDENT OF SCHOOLS

### ATTACHMENTS

Attachment I: 2015-16 Fees (supplementary information)

### GLOSSARY – Developed by the Board of Trustees

Board: Board of Trustees

**Governance Culture:** The Board defined its own work and how it will be carried out. These policies clearly state the expectations the Board has for individual and collective behaviour.

**Board/Chief Superintendent Relationship:** The Board defined in policy how authority is delegated to its only point of connection – the Chief Superintendent – and how the Chief Superintendent's performance will be evaluated.

**Operational Expectations:** These policies define both the nonnegotiable expectations and the clear boundaries within which the Chief Superintendent and staff must operate. They articulate the actions and decisions the Board would find either absolutely necessary or totally unacceptable.

**Results:** These are our statements of outcomes for each student in our district. The Results policies become the Chief Superintendent's and the organization's performance targets and form the basis for judging organization and Chief Superintendent performance.

## 2015-16 Fees (supplementary information)

The CBE charges fees for instructional supplies and materials (ISM), transportation, noon supervision and other incidentals. ISM fees are mandatory and charged per student whereas transportation and noon supervision are only charged for students using those services. Fees are set in the spring prior to the school year and are set at a level to cover the estimated cost of providing those services. Any surplus resulting from these programs is added to a related reserve to keep fees at a minimum in future years.

Because of rapid enrolment growth and a lack of schools close to where students live means that ever more students are being transported and supervised over the noon hour. As well, the growing gap between (proposed) funding received to support students and the costs of doing so meant that we were (prior to 2014-15) spending increasing amounts of instructional dollars to subsidize fees. While providing transportation and noon supervision have evolved to become part of our modern education system, they are separate from student learning. Reflecting on our values of students come first and learning is our central purpose, a practice was established to eliminate any subsidy to fee programs from instructional funds.

Eliminating any central budget support for fees means that all the costs of providing transportation, noon supervision and instructional supplies and materials are funded by targeted provincial grants and reserves (where available), and parent fees. Costs of providing the services include direct labour and supplies, as well as the cost of fee waivers and uncollectible accounts.

To keep fees as low as possible, the CBE is committed to being as efficient as possible in the provision of services. In some cases this also means that transportation service levels may need to change. The CBE will consider moving towards more congregated stops to minimize the number of buses and routes. As always, student and staff safety remains our top priority and any changes will consider impacts on safety.

In keeping with our values, the CBE is continuing its comprehensive waiver process to ensure that no student is denied access to an education due to the inability to pay some or all fees. Learning is our central purpose.

### 2015-16 fees

#### Noon supervision

There will be small increases to noon supervision fees for the 2015-16 year as a result of increased costs to deliver the program.

	four day			four / five day			five day		
	2014-15	2015-16	% var	2014-15	2015-16	% var	2014-15	2015-16	% var
Bused and non-bused students	\$ 250	\$ 255	2.0	\$ 270	\$ 275	1.9	\$ 280	\$ 285	1.8

## Transportation

There will be no fee increase for Transportation in 2015-16. Although the proposed provincial funding for transportation has been reduced, the CBE has made it a priority to maintain the level of fees. However, if funding remains at the proposed levels, service levels will need to change in order to keep costs as low as possible.

In 2015-16, the following changes have been proposed if funding is not increased:

- Calgary Transit rebates will be no longer available. Parents may claim the cost of transit on their personal income tax return
- Routes with ridership less than 15 students will be eliminated
- Students attending middle schools with charter routes will utilize Calgary Transit
- Congregated stops will be established for all alternative programs and regular programs
- The start and end times of certain schools will be adjusted to accommodate route partnerships with other schools

Charter rates	2014-15	2015-16
ECS – Grade 9	\$ 330	\$ 330

## Instructional Supplies and Materials

ISM fees will remain at 2014-15 levels for the 2015-16 year.

ISM fees	2014-15	2015-16
Kindergarten	\$15	\$15
Grades 1 – 6	\$30	\$30
Grades 7 – 9	\$137	\$137
Grades 10 - 12	\$152	\$152

## **Daily rate summary**

Based on 184 instructional days, the daily fee rates are as shown below. The maximum amount that could be incurred by an individual student is **\$3.51 per day** (a Grade 1 – 6 student taking transportation, staying for noon supervision and paying the ISM fee).

Service	2014-15 Cost per day	2015-16 Cost per day
Noon supervision	\$1.35 - \$1.50	\$1.39 - \$1.55
Transportation	\$1.78	\$1.79
ISM	\$0.08 - \$0.82	\$0.08 - \$0.83