

speaking
notes

COSC - Budget 2013-14
(Trustee Cochrane)

April 17, 2013

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Calgary Board
of Education

Hello. My name is Pat Cochrane. This is the time of year when budget is a very important topic. The budget is a document but it is also a process. The process goes something like this:

Provincial budget announcement March 7

- Initial response
- Based on projected enrolments for school districts
- CBE budget assumptions document April 18
- RAM goes out to school principals around April 19 so staffing decisions can be made.
- Presentation of CBE budget May 7
- Approval of CBE budget May 28
- September 30th student count across the province

Budget adjustments due to lower or higher enrolment and any other changes the province may make.

A year ago the provincial government made a three-year funding commitment to school boards. We thought that at last school districts in Alberta had sustainable, predictable funding. For the first time, our budget horizon could be aligned with our Three-Year Education Plan. A year later, the circumstances are very different. The three year commitment to funding is gone.

We expected this budget would be difficult. As we have come to understand the funding to educate our more than 110,000 students in 2013-14, the budget is worse than we feared. The impact on our students and school system will be significant.

You may recall that two years ago the provincial budget created about a \$62-million shortfall for the CBE. That required severe cuts and a redesign to our service model. We did our best to maintain the quality of education for our students. Good people left our organization.

Two years later, here we are again; we face a shortfall as a result of the provincial budget. The shortfall for 2013-14 is \$62 million. This is the gap we must close to balance the budget for 2013-14.

For this school year, the province required 96 per cent of school district operating budgets to go to schools with no more than four per cent spent on administration.

The CBE is already more efficient than the province requires. In the current year, we are spending 15 per cent less on administration than the limit. In our system, that 15-per-cent difference results in \$7 million in classrooms today, not in administration.

It would be much easier to make cuts if our administration were not as efficient as it is already. But cuts are unavoidable.

The budget assumptions report explains the strategies that Administration proposes to use to balance the budget and the impact of each strategy.

The net funding change on the CBE operating budget for 2013-14 resulting from the provincial budget is \$3.4 million. On a budget of nearly \$1.1 billion, this increase is nominal. Essentially, the CBE will have the same funding next year as we have this year.

While funding remains flat, our costs will increase.

Grid movement and negotiated increases for our unionized employees and other salary and benefit changes will cost \$17.8 million more.

When you add the impact of inflation, our system is about two per cent behind even before considering enrolment growth. And we expect enrolment to increase by about 3,000 students next year.

This means that we will have three per cent more students while our costs increase about two per cent.

This budget will be guided by our values.

- Minimize the impact on students and parents.
- Focus resources on achieving on our vision for student success.
- Build on innovation already in progress.
- Continue to advance the learning agenda.

As we have said in previous years, our approach to the budget keeps students first by making cuts in classrooms last.

The budget assumptions report shows that we propose to increase school-based budgets by two per cent. This resource allocation method or RAM is less than schools need to maintain their operations today but more than we initially thought possible.

Increasing school budgets depends on cuts being made in other areas first.

The most significant cuts are in administration.

In the current year our administration budget is \$40 million. This represents 3.4 per cent of the operating budget and, as I have said, 15 per cent less than the limit allowed by the province.

More than 30 per cent of administration costs are fixed. These include system expenses like amortization and insurance. "Fixed" means it is difficult to control or reduce these costs quickly. Put another way, about 30 per cent of administration costs cannot be part of reductions for 2013-14.

In the budget assumptions report it is proposed that administration costs be cut by \$5 million. This is a 12.5 per cent year-over-year reduction.

The province expected administration budgets to be cut by 10 per cent and clawed back school district revenues by that amount. In our case, \$4.5 million.

The CBE is cutting its administration costs by the full amount of the revenue claw-back and more than the province expected. This means our administration costs will be an estimated three per cent of our operating budget in 2013-14.

The cuts in administration will affect central services and supports. We will have layoffs. These are inevitable when we want to maximize the dollars directed to classrooms.

The budget assumptions report contains decisions related to programs and service delivery. A few bear repeating.

The CBE will maintain full-day kindergarten programs in 17 schools without government funding. We believe this is an important investment in the long-term success of students who may be at risk of being behind at the start of Grade 1. Full-day kindergarten is the right thing to do for these kids.

Maintaining programs for our English-language learners is another right thing to do. About one-quarter of our students are English-language learners. Although the government has cut funding for these students by \$5.3 million, we believe we have a responsibility to ensure these kids achieve English language proficiency. Our community benefits from this continued investment.

We have also decided to keep transportation fees flat for all students in spite of the loss of a \$2.3 million fuel contingency fund from the government.

This decision will deplete our transportation reserves. Any additional funding to keep transportation fees flat will come from the global budget. The decision to keep transportation fees flat benefits more than 35,000 students and their families.

With these and other decisions made for students, we then begin to tackle the budget and how we will balance it given the provincial funding shortfall.

The proposed strategies are the essential content of the budget assumptions report but this is not the budget.

The budget is a discussion for May

There are some questions we cannot answer now. The budget assumptions report estimates the impact of strategies. In many cases, the cost reductions necessitate layoffs. We are not able to specify the impact on positions at this time. In some cases, if we were able to speak specifically about programs or positions it would be possible to figure out the people affected. We trust you will understand, a public meeting is not the right place for individual employees to be informed their positions are being eliminated.

It is also difficult for us to estimate the impact of the budget on school-based positions. We know the RAM will increase by two per cent and that is less than costs will increase in schools. We cannot predict what principals will decide for their schools in consultation with their school communities. The work got underway today. The final results will be incorporated into the budget in May.

Although we are challenged by the budget, we remain committed to the success of our students. Our student results testify to the quality of public education in Calgary

To summarize, let me offer the following.

- The provincial budget means we face a \$62-million shortfall for next year.
- Our priority is student success and safety.
- School-based budgets, called the RAM, will increase by two per cent.
- The Administration budget will be cut by 12.5 per cent.
- We are maintaining vital programs for students even without provincial funding.
- We are keeping transportation fees flat for the kids who have to travel to and from school on yellow buses and Calgary Transit.

With the funding we have, we are doing our best for our students.

I will now ask Trustee Carol Bazinet to come up and speak to you about the upcoming Municipal Election.