

# Budget Assumptions Report 2019-20 Fall 2019 Update II



learning | as unique | as every student



## Introduction

**NOTE: This Budget Assumptions Report – Fall Update II incorporates the impact of repurposing \$15 million of Infrastructure Maintenance and Renewal grant funding to support certificated and non-certificated positions in schools. That reallocation allows the CBE to rescind the termination notices sent to 317 teachers on temporary contracts. Those staff will return to schools for the remainder of the school year. The remaining funds will be used to moderate the impact of fee increases and eliminate the need for service level changes related to student transportation for the 2019-20 school year.**

The Budget Assumptions Report (BAR) is a high-level document that sets out the:

- operating context of the CBE;
- financial and operating assumptions that will be incorporated into the CBE's budget to be considered by the Board of Trustees on Jan. 7, 2020;
- strategies to cover the gap between funding and costs; and
- risks involved in the CBE's balancing strategies.

The CBE, like other metro school jurisdictions, receives more than 93 per cent of its total funding from Alberta Education. Metro school jurisdictions in Alberta typically have salaries and benefits equivalent to between 75 and 80 percent of total expenditures, and spending in schools generally consumes between 75 and 80 per cent of total expenditures.

The remainder is spent on plant operations and maintenance (10-14 per cent), transportation (4-5 per cent), and board and system administration which is provincially mandated to be capped at 3.6 per cent (see Appendix VIII). Accordingly, changes to how education funding amounts are determined and allocated has a significant impact on the delivery of public education services.

## Organizational Summary

### Mission

The Board of Trustees' Mission is: **“Each student, in keeping with their individual abilities and gifts, will complete high school with a foundation of learning necessary to thrive in life, work and continued learning.”** The CBE considers each individual student and their learning requirements while balancing all student needs against available financial and other resources.

### Values

Administration's approach to the budget is guided by CBE values:

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

The CBE will continue to optimize student learning while recognizing the reality of fiscal constraints.

### Guiding documents

The CBE is guided by its [Three-Year Education Plan](#). This plan is updated each year as required by Alberta Education to support accountability and transparency throughout the Provincial ECS (pre-kindergarten and kindergarten) to Grade 12 education system and to ensure alignment of school authorities with Provincial direction.

The CBE's 2018-21 Three-Year Education Plan guides the work and connects each CBE employee to the Mission, Values and Outcome: Student Success. The CBE is focused on personalized learning, building professional capital, engaging stakeholders and stewarding resources. Taken together, the CBE believes these areas of focus allow for the provision of a high quality public education for all CBE students.

For the 2019-20 school year the CBE will focus on achieving the goals set out in the Three-Year Education Plan and the following system priorities:

- Improving student achievement, equity and well-being
- Strategically allocating resources to support student success
- Increasing organizational effectiveness through service transformation
- Developing our employees

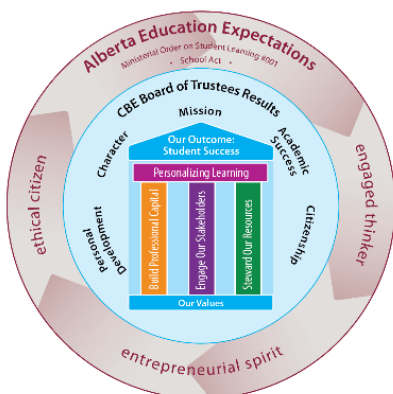
## Provincial Budget and Impacts

Typically, Provincial budgets are received in the spring prior to the start of a new school year. This timing permits jurisdictions to plan and make staffing decisions. For 2019-20, the final budget was received in the fall (Oct. 24, 2019) subsequent to the start of the school year. Decisive action was needed with the information available at the time. Combined with limited reserves the actions required had a higher likelihood of impacting schools, students and staff. What follows is the evolution of planning for the 2019-20 budget cycle.

### CBE 2019-20 Budget

Schools:	245+
Students:	125,809
Staff:	14,000+

Supporting



## Balancing the Budget Mid-Year



2019-20 school year started without a provincial budget; services were provided based on Board-approved assumptions that assumed the same funding as 2018-19. Fall budget announcement made it clear that there was an additional gap.



Now that there is clear information on funding to be received, CBE must make up for:

- Difference in funds already spent PLUS
- \$32M decrease in funding

On June 30, 2019, the CBE submitted a balanced budget, as required, to Alberta Education ([Spring Budget 19/20](#)). That spring budget was based on the assumption that school jurisdiction funding for 2019-20 would be maintained at 2018-19 funding levels notwithstanding enrolment growth and other inflationary cost pressures. Strategies deployed in the spring budget included maintaining the allocation to schools consistent with the prior year, reducing service unit costs and staffing, reducing board funded capital spending, and drawing on reserves to bridge the funding gap.

## Spring Budget 2019-20

Based on assumptions set in the spring budget:

	In millions
Projected Status Quo Budget	(\$40)
Strategies to reduce budget deficit	
• Maintain 2019-20 school based funding at 2018-19 levels notwithstanding enrolment growth of 2400	\$22
• Decrease in service unit budgets	\$3
Assumed Spring Budget 2019-20 deficit	(\$15)
Use of operating and capital reserves to balance	\$10
Carried pressure for 2019-20 (Savings to be found throughout the year)	(\$5M)

On Oct. 24, 2019, the provincial budget was released. That budget reduced total Alberta Education revenue allocated to the CBE by \$32 million on a year over year basis notwithstanding enrolment growth of 2,400 students.

The spring budget assumed continued funding of the Fee Replacement Grant, Class Size Initiative and Classroom Improvement Fund. These three grants, totalling \$85 million, were eliminated and replaced with a one-time, \$24 million, transition grant plus enrolment growth funding of \$29 million. The net changes amount to a decrease of \$32 million. As the funding change is being implemented mid-year, \$48 million in annualized savings are required to generate \$32 million over the remainder of the school year.

## Fall Budget Update 2019-20

After the provincial budget announcement, the decrease in funding to be received from Alberta Education includes:

(\$85M)	Eliminated Grants Class size initiative \$54M Fee Replacement Grant \$18M Classroom Improvement Fund \$13M
\$24M	One Time Transition Grant
\$29M	Enrolment and other funding changes
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(\$32M)	Total decrease in funding received

In the [Budget Assumptions Report - Fall Preliminary](#) administration identified strategies to close the gap created by the funding cut. The solutions were not ideal and would affect students, families, schools and CBE staff; but they needed to be considered in order to close the gap for the remainder of the 2019-20 budget year.

Decisive action was required in order to achieve the reductions within the remainder of the year. A one-month delay in taking action would have necessitated finding an additional \$5 million in savings on an annualized basis.

The first action on this strategy occurred on Nov. 19, 2019, when the CBE issued termination notices to 317 teachers on temporary contracts effective Jan. 2, 2019.

Termination notices were issued in order to provide CBE flexibility in decision making as it continued its evaluation of options to bridge the funding gap. To achieve this flexibility, statutory requirements mandate providing 30 days notice before a break of 14 days or more (in this case, winter break). The relevant sections exist under the *Education Act* (sections 209(3) and 217(1)).

With this flexibility the CBE intended to return approximately half of the staff who received notice to schools. At the same time the CBE was planning to reallocate central certificated staff to schools and reduce funding and staffing in service units.

On Nov. 27, 2019, the CBE received communication from the Minister of Education advising that for the 2019-20 school year only, subject to ministerial approval, school boards have the ability to repurpose the operating portion of the Infrastructure Maintenance and Renewal (IMR) grant to support classroom, or school-based, certificated and non-certificated staffing costs.

The CBE requested and received ministerial approval on Dec. 2, 2019 to access this additional flexibility in the amount of \$15 million. As a result, the CBE has reassessed the immediate need to reduce the number of temporary teachers mid-year.

The remainder of this report sets out the revised strategies and targeted savings associated with each action, modified by the evolving budget announcements and consultation with Alberta Education.

## Strategies

**NOTE: This Budget Assumptions Report – Fall Update II incorporates the impact of repurposing \$15 million of Infrastructure Maintenance and Renewal grant funding to support certificated and non-certificated positions in schools. That reallocation allows the CBE to rescind the termination notices sent to 317 teachers on temporary contracts. Those staff will return to schools for the remainder of the school year. The remaining funds will be used to moderate the impact of fee increases and eliminate the need for service level changes related to student transportation for the 2019-20 school year.**

The following strategies, to close the annualized spending gap of \$48 million, have been updated based on the Dec. 2, 2019 approval by the Minister of Education to access \$15 million in Infrastructure Maintenance and Renewal grant funding. These strategies also incorporate the impacts and implications of provision within the relevant collective agreements which apply to 98 percent of all CBE staff.

Strategy	Context	Fall Budget	Spring Budget	Total 19/20
<p>1. Deploy central and Area office staff to schools</p>	<p>Prior to the approval of IMR grant funding use to address reductions, the CBE had begun a process of identifying staff for mid-year transfer to address the reduction of temporary teachers in key roles in schools.</p> <p>This transfer process is subject to a number of notice and transfer provisions within the Alberta Teachers Association collective agreement and within the <i>Education Act</i>. Those provisions mean that while the process has begun, it will not fully conclude until the beginning of the 2020-21 school year. As IMR grant funding will be utilized to address temporary teacher continuation subject to the normal fall staffing adjustments, redeploying staff to replace positions will not occur.</p> <p>The CBE is now working through a process to conclude specific programs and services provided by staff in a manner that will maximize current resources and align with future direction given required reductions.</p> <p>This means that between 35 and 45 FTE reductions will need to occur within the School Improvement Service Unit. These reductions will result in redeployment to school positions in the 2020-21 school year.</p> <p><b>Timeline:</b> This strategy is currently underway and will be completed to allow for redeployment of staff for the 2020-21 school year.</p> <p><b>IMR:</b> No repurposed IMR grant funding will be used as part of this strategy.</p>	<p>No direct savings as central staff are re-deployed to schools.</p> <p>This strategy represents a transfer of approximately \$3.5 to \$4.5 million from service units to schools when complete for the 2020-21 school year.</p>	<p>-</p>	<p>-</p>

Strategy	Context	Fall Budget	Spring Budget	Total 19/20
<p>2. Administrative reductions (Service Units)</p>	<p>In the CBE's spring budget a \$3 million cut was applied to service units as part of the then balancing strategy.</p> <p>For this update, service units will absorb another \$4 million in reductions. This reduction will impact approximately 33 positions across all service units (see Appendix IV).</p> <p>Note: The \$4 million reduction does not include the transfer of central certificated staff noted in strategy 1 that will be implemented for the 2020-21 school year.</p> <p><b>Timeline:</b> This strategy has commenced with vacant positions. Impacted staff will be advised in the new year.</p> <p><b>IMR:</b> No repurposed IMR grant funding will be used as part of this strategy.</p>	~ \$4M	~ \$3M	~ \$7M
<p>3. Reduce capital spending</p>	<p>The CBE's spring budget incorporated a \$5 million reduction to board funded capital spending. Board funded capital dollars are drawn from Alberta Education grant funding as there is no specific grant from Alberta Education for capital acquisitions.</p> <p>This update incorporates an additional reduction to board funded capital spending of \$5 million bringing the total reduction to board funded capital spending to \$10 million.</p> <p>The remaining board funded capital allocation will be used to support necessary capital acquisitions based on health, safety, legal compliance or future cost savings criteria.</p> <p><b>Timeline:</b> This strategy has commenced and is in place.</p> <p><b>IMR:</b> No repurposed IMR grant funding will be used as part of this strategy.</p>	~ \$5M	~ \$5M	~ \$10M



Strategy	Context	Fall Budget	Spring Budget	Total 19/20
4. Student transportation	<p>The spring budget included an increase in transportation fee from \$350 to \$365 for those who could legally be charged a fee. No changes to service levels were incorporated.</p> <p>This update incorporates the levying of a fee to approximately 6,000 students who currently ride yellow buses for free. With the implementation of the <i>Education Act</i> and related regulations, students in specialized programs or documented mobility needs who require specialized transportation are exempt from transportation fees.</p> <p>The fee for students who currently ride for free will be \$365, the same rate as currently paid by 14,500 fee paying students. This levy will be retroactive to September 1, 2019 when the <i>Education Act</i> was proclaimed. Levying this fee will generate an estimated \$1.8 million in incremental transportation revenue net of waivers and write-offs.</p> <p>The CBE will also eliminate the rebate currently provided to students who access Calgary Transit to travel to school as the rebate was conferred onto specific students by regulations of the previous government. It has been removed from the <i>Education Act's</i> student transportation regulation. The rebate will be eliminated retroactive to the beginning of the 2019-20 school year. The elimination of this program will save approximately \$2.4 million dollars.</p> <p><b>Timeline:</b> This strategy will commence as of Jan. 1, 2020 retroactive to Sept.1, 2019.</p> <p><b>IMR:</b> To help minimize the impact on families, CBE plans to use about \$5 million in IMR funding to offset the \$8 million reduction in funding resulting from the elimination of the Fee Replacement Grant. This use of IMR grant funding is appropriate as any deficit in the transportation program is funded from the basic grant funding. Preserving basic grant funding allows more dollars to flow to schools and maintain front-line positions.</p>	~ \$5.5 M	-	~ \$5.5 M

Strategy	Context	Fall Budget	Spring Budget	Total 19/20
5. Use of reserves	<p>The CBE's spring budget allocated \$5 million from the \$14 million in available for use operating reserves as at Aug. 31, 2019.</p> <p>The spring budget also included a "carried pressure" of \$5 million that was to be recovered over the course of the school year.</p> <p>With a \$32 million revenue reduction, it is unlikely that the required \$5 million can be recovered over the course of the school year. Accordingly, the revised CBE budget for 2019-20 will seek board approval for access to an additional \$5 million in available for use operating reserves.</p> <p>The available for use operating reserve balance after the \$10 million withdrawal noted above is projected to be \$4 million (see Appendix I).</p> <p><b>Timeline:</b> This strategy will be actively monitored over the remainder of the school year. Any savings that can be recovered outside of the strategies included in this report will be used to offset the draw upon reserves.</p> <p><b>IMR:</b> No repurposed IMR grant funding will be used as part of this strategy.</p>	~ \$5M	~ \$5M	~ \$10M

Strategy	Context	Fall Budget	Spring Budget	Total 19/20
<p>6. Funds directly allocated to schools</p>	<p>The CBE's spring budget allocated the same amount of funding to schools for 2019-20 as was allocated for 2018-19. By maintaining school based funding the CBE saved the \$22 million that would have had to have been spent to maintain programs and services at 2018-19 levels based on enrolment growth of 2,400 students.</p> <p>The revised budget plan will see approximately \$12 million removed from the Resource Allocation Method for 2019-20. The \$12 million represents the value of school-based positions funded but not filled across the CBE. This action has no impact on current school based staffing levels.</p> <p>The CBE will then utilize up to \$10 million in repurposed IMR grant funding to <u>return all 317 teachers</u> on temporary contract who were notified of termination in November, subject to normal fall operational adjustments.</p> <p>The CBE is also working to ensure that appropriate levels of support staffing is retained in schools consistent with student needs.</p> <p>Taken together, these components will minimize, to the extent possible, the impact on students and classrooms over the remainder of the school year (see Appendix III).</p> <p><b>Timeline:</b> This strategy is currently underway. Certificated staff will be advised prior to the winter break. Support staff notification will occur in the new year consistent with collective agreement provisions.</p> <p><b>IMR:</b> \$10 million in repurposed IMR grant funding will be used as part of this strategy.</p>	<p>~ \$22M</p>	<p>~ \$22M</p> <p>The spring budget held the allocation to all CBE schools to 2018-19 funding levels. This saved approximately \$22 million and increased class sizes by approximately one student per class, on average.</p>	<p>~ \$44M</p>
	<p><b>Total potential savings</b></p>	<p><b>\$30 - \$45M</b></p>	<p><b>\$35 - \$40M</b></p>	<p><b>\$65 - \$85M</b></p>

## Assumptions & Risks

See Appendix VI for additional assumptions (including revenue, expense, reserve and capital assumptions) planned to be incorporated into the final budget report. See Appendix VII for risks considered.

## Conclusion

Notwithstanding the complexities of receiving a Provincial budget during the school year, these strategies and assumptions will guide the CBE to build a balanced budget that reflects its values. In order to minimize the impact on student learning, the CBE has approached bridging the funding gap in a way that balances the reductions across the organization and redeploys resources accordingly. These budget assumptions support learning for students next year and within CBE funding constraints.

The CBE will continue to be constrained by climbing enrolment, lack of operating reserves, age of facilities, and cuts to services provided by central service units in the 2019-20 budget year.

Maximizing the dollars directed to the classroom to support student results remains the top priority. The CBE, working with students, families, stakeholders, and Alberta Education, will continue to provide the best public education programs and supports possible within the financial resources made available.

CBE's choices will continue to be guided and informed by its values: students come first, learning is our central purpose, and public education serves the common good.

## Appendix I: Operating & Capital Reserves

	<b>Operating</b>	<b>Capital</b>
	(in millions)	
Available reserves at Aug 31, 2019	\$23.0	\$15.9
EducationMatters (Note 1)	(\$2.0)	
Carryforwards	(\$6.8)	(\$5.5)
<b>Unrestricted reserve available for use at Sept 1, 2019</b>	<b>\$14.2</b>	<b>\$10.4</b>
<b>Planned future use of reserves</b>		
Balance funding gap – spring budget	(\$5.0)	(\$5.0)
Balancing funding gap – fall budget	(\$5.0)	
Commissioning costs for new schools (Note 2)		(\$16.0)
<b>Future reserve balances</b>	<b>\$4.2</b>	<b>(\$10.6)</b>

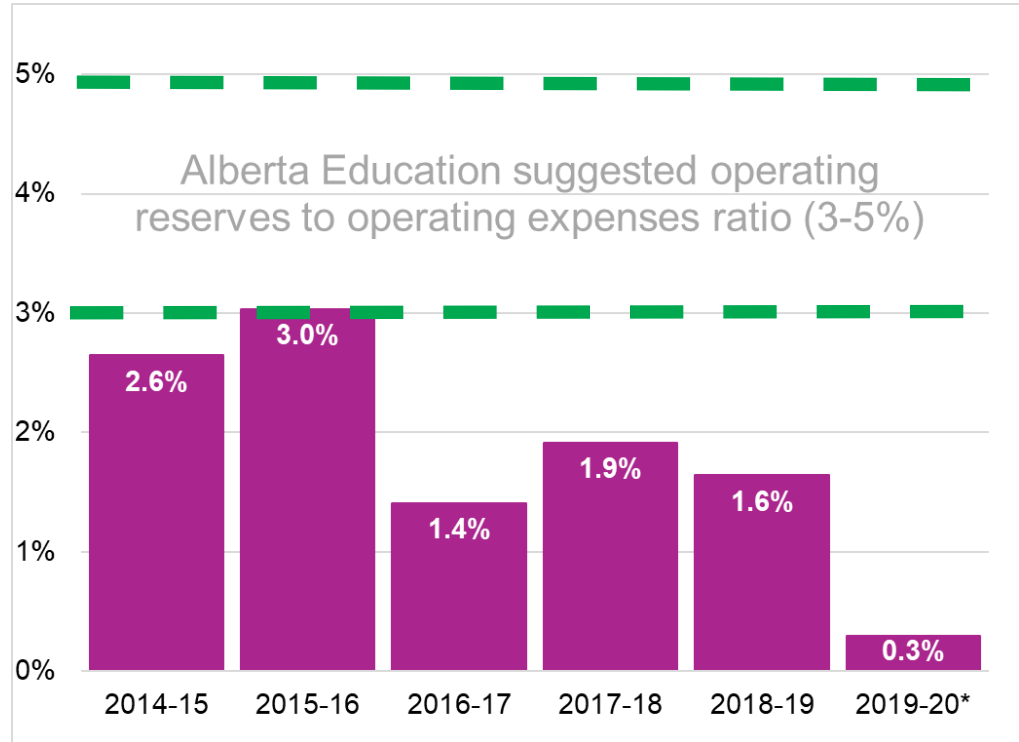
Note 1 - Reserves related to EducationMatters are held in trust and cannot be used to support CBE operations.

Note 2 - Costs are based on an estimated \$2 million per school opening based on historical information for schools opening in 2021 and beyond.

- Having sufficient funds in the reserves helps the CBE navigate through any unforeseen events, projects or initiatives that come up during the year, that are not included in the budget. With the planned reserve balances, opportunities could be foregone and risks may not be mitigated.
- The use of reserves to balance the budget has been a short-term strategy deployed in previous budget years to minimize the impact on students and the overall learning experience.

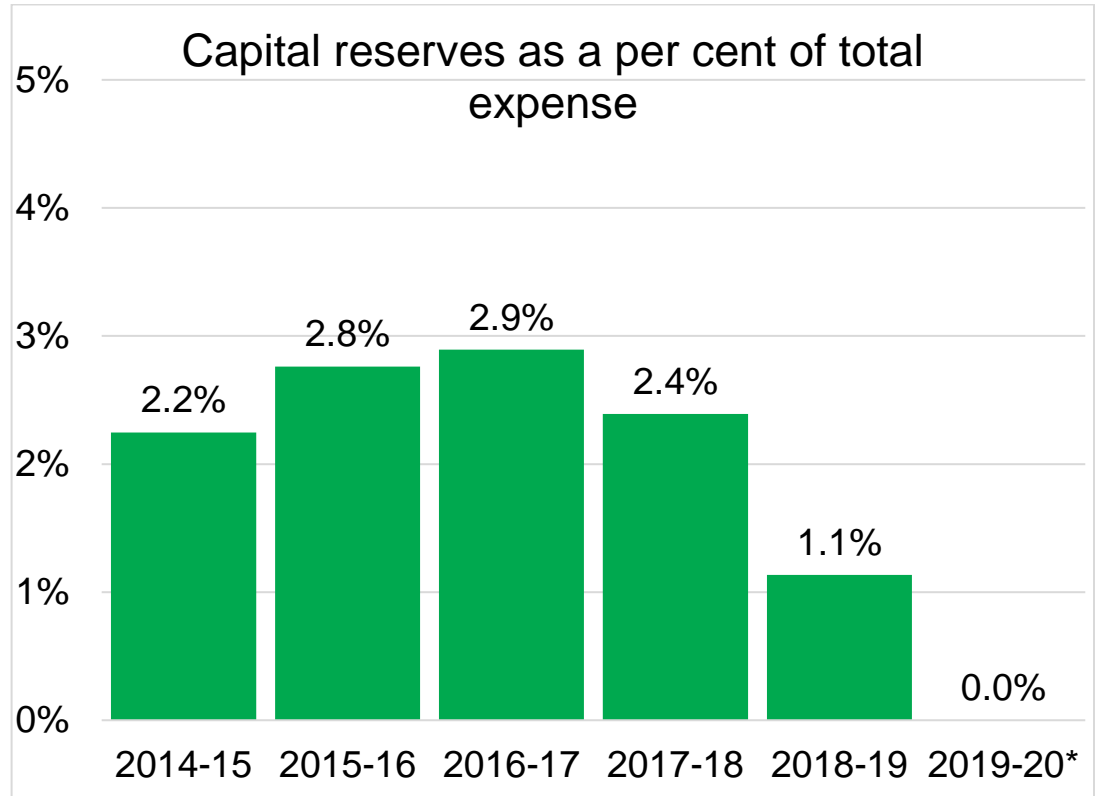
## Appendix II: Historical and Projected Reserve Ratios

### Operating Reserves



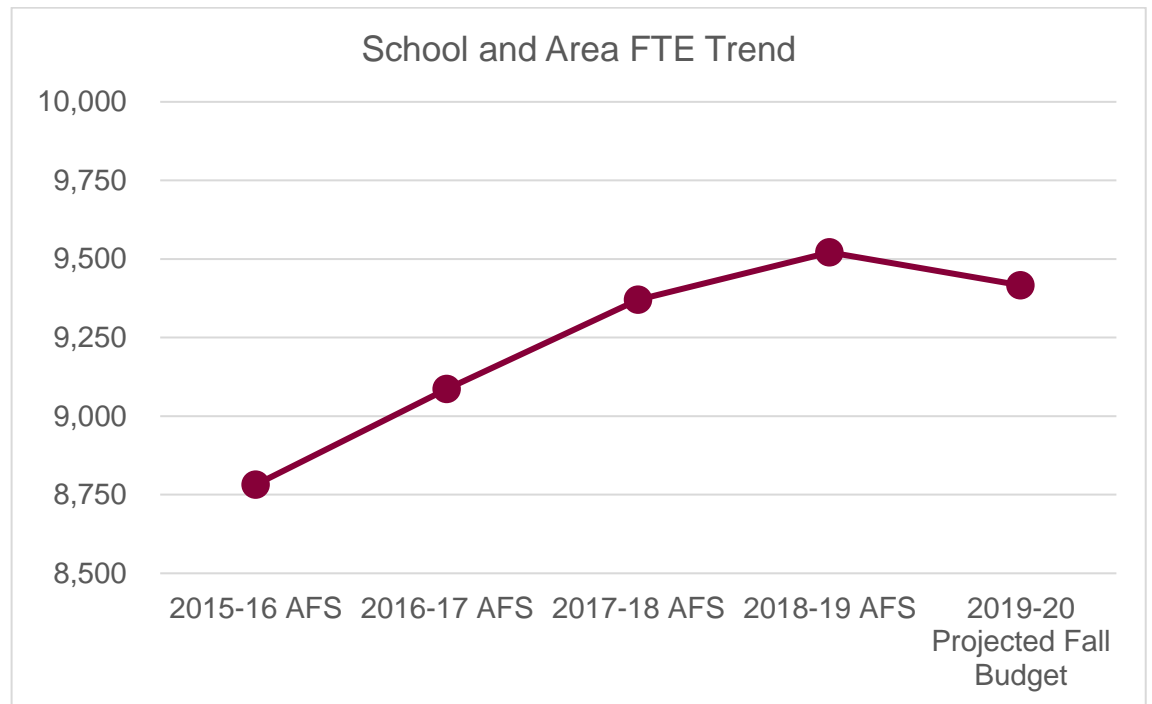
- \*The 19/20 projected reserve balance is based on the decisions identified in Appendix I.
- The chart outlines the historical operating reserve balance to operating expense ratio compared to the Alberta Education suggested ratio.
- The CBE spends approximately \$7.7 million per instructional day.

## Capital Reserves



- Decrease in capital reserves consistent with new school construction over the past three to four years, which required funds for commissioning.

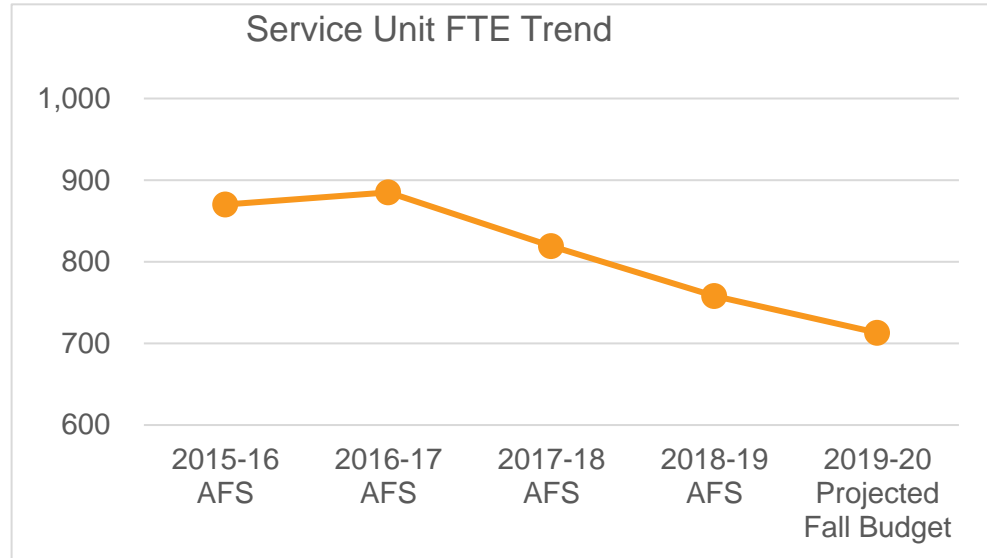
### Appendix III School and Areas FTE Trend



- Over five years, school and Area FTEs have increased by 634 (or 7 per cent).
- With increased enrolment and the decrease in funding received in 2019-20, the school and Area budgeted FTE has declined placing increased pressure on schools.

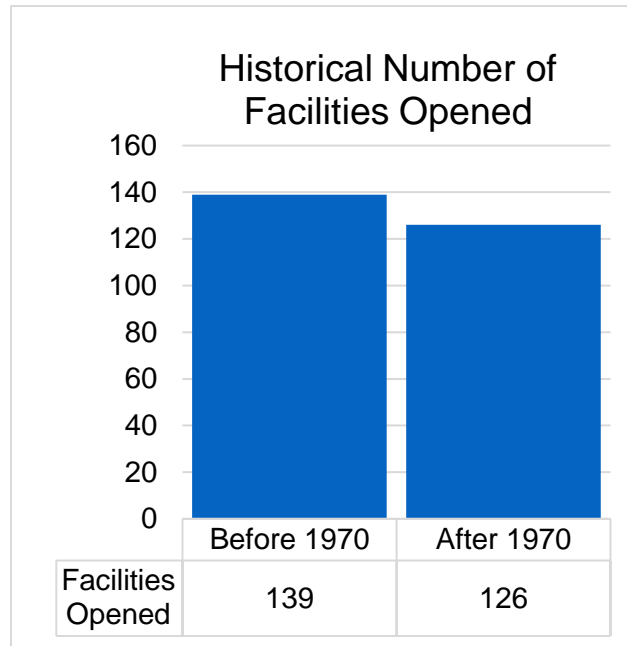


## Appendix IV Service Unit FTE Trend



- Over five years, service unit FTEs have decreased by 157 (or 18 per cent).
- Although steadily increasing enrolment, the service unit FTE has steadily decreased since 2016-17, as CBE continues to ensure that priority is placed on frontline staff in schools.
- Service unit FTE's provide for finance, information technology, client technology, human resources, payroll, community engagement, legal, central facility maintenance and support, psychologists, speech pathologists, occupational and physical therapists, as well as a range of pedagogical supports for school based staff. Many of these staff are regularly deployed to schools.
- 93 percent of CBE staff are in schools and Areas or regularly deployed to schools.

## Appendix V: Age of Facilities



- The CBE has more than 130 schools that are over 50 years old. Funding is required in order to ensure safe and modernized facilities are available for students.
- The province estimates the CBE's deferred maintenance is \$162 million for immediate needs (e.g., aging roofs and boilers).

## Appendix VI: Assumptions

### General Assumptions

The CBE's budget assumes:

- Dollars received are spent on students who are enrolled in CBE schools for the school year. This means the CBE does not seek to increase its reserves without purpose.
- Families and students will continue to make program choices that are similar to those made in the prior year.
- The CBE's budget will comply with Alberta Education budget and reporting guidelines.
- The CBE will continue to provide safe, healthy, and supportive learning and working environments for all students and staff.
- Sufficient budget resources will be available to allow the CBE to meet health, safety, legal compliance or critical infrastructure needs.
- The CBE will maintain the systems and processes that allow the CBE to attract, train, retain, and pay employees.
- Service units will support the Board of Trustees and their governance needs through the service unit's base operating budgets. Additional dollars have not been provided to support this work nor is that work funded from a transfer from the Board of Trustees' budget.
- The CBE will use reserves and one-time funding sources as a transitional measure to reduce the impacts on schools of the Provincial budget and subsequent transitional measures afforded by the increased flexibility provided by the Minister of Education on IMR funds.

### Revenue Assumptions

Alberta Education will fund the CBE as follows:

- Alberta Education maintains its enrolment growth funding which is based on projected enrolment at Sept. 30.

Other revenue assumptions are:

- The CBE will calculate provincial funding using the funding formula provided based on 2019-20 enrolment.
- The CBE will apply Alberta Education targeted/restricted funding for the specified purpose (e.g. Transportation), except where Ministerial approval has been granted to use these funds differently (e.g. Infrastructure Maintenance and Renewal).

- Fees:
  - All revenue from Alberta Education related to transportation and instructional supplies and materials will continue to be fully applied to the cost of these services. The CBE's aim is to minimize or eliminate any contribution from the global budget to support fee-based programs and services, except where Ministerial approval has been provided.
  - Fee revenue for transportation and noon supervision will be used to fund the gap between Alberta Education funding and direct program costs, including waivers and uncollectable accounts.
  - Noon supervision and transportation fees will be increased, as necessary due to increased costs of providing those services.
- Opportunities to grow non-Alberta Education revenue will be explored where it is consistent with the CBE's vision and values.
- The CBE will continue to receive \$1 per year per facility lease with charter schools as determined by Alberta Education.
- Facility rental rates charged will break even (cover incremental direct costs) as set out in CBE's Administrative Regulation 8004 and by agreement with the Calgary Separate School District and the City of Calgary.
- Revenue from the sale of CBE-owned properties, if any, will be added to capital reserves and applied to upgrade and modernize existing facilities to support student learning.
- The CBE will continue to participate in the Joint Use Agreement framework with the City of Calgary and the Calgary Separate School District respecting land and schools.
- Investment returns, if any, will be directed to enhancing student outcomes.

## Expense Assumptions

Expense assumptions are:

- The budget will ensure that the CBE is able to comply with all conditions within Provincial legislation and collective agreements including general wage increases (where applicable), employee salary grid movement and benefits changes. The CBE will follow the province's lead on future negotiations with its unions and associations<sup>1</sup>.
- While Alberta Education has reduced funding for 2019-20, the CBE continues to experience non-discretionary cost increases (such as for contractual obligations), which have been reflected in the expense projections.
- Budget addition requests critical to supporting the changing needs and priorities of the CBE have been incorporated in the calculation of the status quo budget gap.

<sup>1</sup> The two Staff Association collective agreements and the Canadian Union of Public Employees agreement will expire Aug. 31, 2020. The Trades agreement will expire on Aug. 31 2021.

- The CBE has system administration costs of approximately 3.4 per cent (at Aug. 31, 2019) that will remain within the provincially mandated cap of 3.6 per cent of total expenditures.
- The CBE will continue to work with the Provincial Government and other school jurisdictions to identify cost savings strategies where opportunities exist.
- The CBE will follow the provincial lead as it relates to salaries and benefits.
- The CBE runs several programs that are considered external to the kindergarten to Grade 12 mandate for which the CBE is funded. This includes the International Student Program, continuing education as well as adult language training. Both direct and indirect costs have been fully allocated to these programs to ensure they are operating on a full cost-recovery basis.

## Reserve Assumptions

The Board of Trustees has final authority on the deployment of reserves and therefore these assumptions are subject to ultimate approval by the Board of Trustees.

- The budget will be based on the assumption that the CBE will end the 2019-20 school year with operating reserves of approximately \$4.2 million and \$5.4 million in capital reserves.
- Given the anticipated continuation of new school construction, the CBE will retain modest operational reserves to fully support the commissioning of approved new schools. Based on historical activity, the CBE spends approximately \$0.7 million to commission an elementary school, \$1.0 million for a middle school and \$3.9 million for a high school.

Given the above, the CBE anticipates an allocation of up to \$10.0 million in operating reserves to balance the budget.

## Capital Assumptions

The CBE appreciates that the Provincial Government is funding increased enrolment and is building the school facilities necessary to accommodate this growth.

While good news for students, families and communities, each new school announcement requires the CBE to find additional funds beyond those provided by the province for furniture, fixtures and equipment. These commissioning costs include preparing the learning environment with learning resources, specialty equipment and technology. Other costs are related to the staff time (principals, assistant principals, learning leaders, administrative assistants, etc.) required to engage with the new school communities and make pre-opening curricular decisions. Based on this experience, the upcoming new schools will require additional resources.

The 2019-20 budget will include an investment in board-funded capital to support the maintenance of systems and learning spaces as well as the replacement of vehicles, equipment and technology hardware. Even with the use of board funded capital dollars to achieve a balanced budget CBE administration feels sufficient capital funding remains to meet the most critical needs.

## Appendix VII: Risks

### Operational Risks

- Due to the complications associated with downsizing service units mid school-year there is an increased risk of system or process error or failure.
- Deferred maintenance backlog continues to grow and unforeseen equipment failures may require unplanned resource reallocation.
- Further reduced service unit budgets may mean limited capacity for providing service to the system that are required in the normal course of operations or as a project. Risk that work slows, does not get done or impacts schools.
- Costs increase beyond those anticipated in the budget requiring further prioritization decisions mid year.

### Financial & Operational Compliance

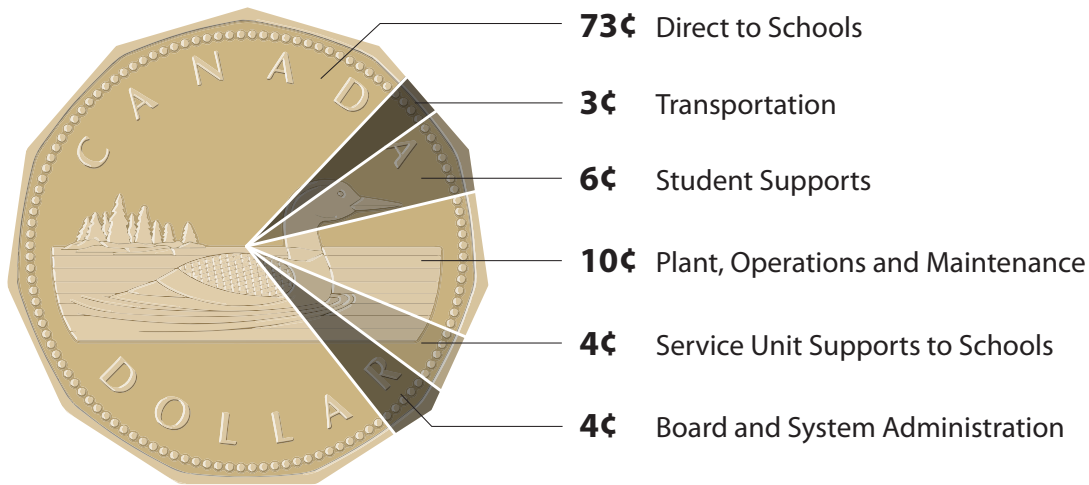
- Due to the speed at which this major budget re-adjustment had to be made there is an increased risk of a material variance between budget and the end of the year actual results, up to and including a potential deficit.
- Due to the mid-year changes there is an increased risk of non-compliance with some Operational Expectation indicators. For example, due to time constraints staff may not have been involved as desired in decisions that will impact them.
- Reserve balances are well below Alberta Education guidelines so there is an increasing risk of unforeseen events arising that CBE is unable to mitigate.
- Funding & assurance review brings uncertainty to future budget years with fewer resources to adapt and implement changes.
- Public perception and feedback results in changes to programs and services that are not within the mandate of the jurisdiction.
- The CBE will continue to be below the provincially mandated board and system administration cap of 3.6 per cent. However, long term contractual commitments with cost escalation clauses will put increased operational pressure on the CBE in the absence of increased funding.

### Staffing & Contractual Risks

- Due to the number of staffing positions impacted through this process there is an increased risk of challenge under the provisions of the various collective agreements.
- Due to significant change across the public education sector there is an increased risk of higher than projected attrition from key positions, both in schools and service units.



## Dividing the Dollar: How Every Cent of Alberta Education Funding Supports CBE Schools



### 73¢ | Direct to Schools

Money is provided to schools via a process the CBE calls RAM (Resource Allocation Method).

- The RAM is used to allocate resources equitably
- Principals make decisions on how to use money from the RAM to meet learning outcomes and the unique needs of students within their schools
- Includes teacher and staff salaries and benefits as well as the contractual obligation of teachers' pensions
- Instructional supplies and materials
- Custodial services for healthy learning environments

### 6¢ | Student Supports

Such as:

- Psychologists
- Occupational and physical therapists
- Cultural diversity advisors
- Speech language pathologists
- Braille assistants

### 4¢ | Service Unit Supports to Schools

Centrally provided services that increase efficiencies, effectiveness and economical savings:

- Instructional and programming support provided to teachers and schools
- Indigenous education
- School health
- Off-campus learning programs
- High school success initiatives
- School nutrition

### 3¢ | Transportation

Transportation for 34,500 students, including those with exceptional and special needs. Includes supports such as:

- Busing aides
- Charter service
- Attendants
- Licensed Practical Nurses
- Calgary Transit passes
- Taxi/ Handi-Bus service

### 10¢ | Plant, Operations and Maintenance

- Facility maintenance
- Repairs
- Utilities
- Insurance
- Amortization for provincially funded new schools, modulars, and modernization

### 4¢ | Board and System Administration

- Technology services and support, including safeguarding student data and CBE networks
- Communications and community engagement, including website administration and school/ school council communication assistance
- Financial supply chain management
- Legal services
- Payroll and benefits administration
- Board of Trustees and superintendents who provide the overall direction to the system