

DATE: April 26, 2016

TO: Board of Trustees

FROM: Darrel Robertson, Superintendent of Schools

SUBJECT: 2016-2017 Distribution of Funds

ORIGINATOR: Todd Burnstad, Acting Managing Director, Finance

RESOURCE STAFF: Vanessa Crosswell-Klettke, Madonna Proulx

REFERENCE: N/A

ISSUE

This report identifies the proposed distribution of funds for the 2016-2017 budget.

BACKGROUND

On April 14, 2016, the provincial government announced the funding allocations to school boards for the 2016-2017 school year. With no reductions to grants and enrolment growth being funded, the 2016-2017 budget (Attachment I) clearly demonstrates the government's commitment to support education, even under the current financial situation facing Alberta.

RELATED FACTS

Edmonton Public School Board's mission is to inspire student success through high quality learning opportunities, supported by meaningfully engaging students, parent, staff and community.

The Distribution of Funds sets the stage for allocations to schools and central decision units. These allocations support the District's Vision, Mission, Priorities and Strategic Plan.

Highlights of the Distribution of Funds that impact Edmonton Public Schools include:

- The net impact of the proposed new carbon tax is still uncertain and we anticipate additional information will be provided by the province in the coming weeks.
- There is uncertainty with the new *Education Act* around the content and timing (both of which could significantly impact Edmonton Public Schools). As such the Distribution of Funds has not factored in any impact either from a funding or expense point of view.
- Edmonton Public Schools is projecting enrolment growth of 3.2 per cent or just under 3,000 new students, bringing the total projected enrolment to 95,355 (Attachment II).
- With no change to the base instruction grants received by the province, the 2016-2017 student allocation rates will remain at the same levels as 2015-2016.
- The custodial, support and exempt staff collective agreements are currently unsettled or are anticipated to be unsettled prior to the commencement of the 2016-2017 school year. As such, no increases in staff compensation have been factored into the staff unit costs for the 2016-2017 budget.
- Edmonton Public Schools assumes that any compensation adjustment related to the teachers' agreement (which also expires in August 2016) will be fully funded by the province. The Distribution of Funds has not included any potential impact in the 2016-2017 budget.

- With the opening of three new schools in September 2016 and another 11 schools in September 2017, additional District resources will be required in 2016-2017. Some expenses will be funded out of the current year operating budget (\$795,000 for additional non student driven allocations) however, \$6.6 million required for new school startup costs (not funded by the province), will be covered through accessing surplus funds.
- Based on a recommendation report by the 2015-2016 Budget Allocation Principal Committee, the High Social Vulnerability calculation has been updated. Part of the recommendation report includes providing a one year transitional fund. This transition plan provides an additional \$1 million to schools, offsetting 66 per cent of the amount that would negatively impact some schools (as a result of the change in formula).
- Based on recent projections, the District is anticipating ending the current school year with an estimated accumulated operating surplus balance of approximately \$76 million. The Distribution of Funds document (Attachment III) includes accessing \$35 million of this balance during the 2016-2017 school year. Additional details of the District's surplus plan are included in Attachments IV and V.

RECOMMENDATION

That the Distribution of Funds for the 2016-2017 budget be approved.

CONSIDERATIONS & ANALYSIS

The assumptions used in the Distribution of Funds report, where student allocation rates and staff unit costs remain the same as the prior year, translate into a fairly 'status quo' budget for schools and central decision units. Some schools and central decision units will be impacted by the projected enrolment growth, but adequate allocations are available to support them. Although we are fortunate and grateful that the provincial education funding has been maintained, we still anticipate inflationary increases in costs that will require stretching our funding dollars further.

Over the years, the District has accumulated an operating surplus balance. This surplus provides some relief and flexibility which has often been required to ameliorate past unpredictable fluctuations in budget funding and the negative impact it can have on students. As we deplete our existing surplus in order to balance our annual operations, we are hopeful that the 2016 Provincial Budget and the accompanying 2016-2019 Education Business Plan, are signs that there will be stability and predictability in future budgets.

NEXT STEPS

Budget Services will incorporate the approved recommendations into the allocations being sent out to schools and central decision units on April 29, 2016, for the completion of the 2016-2017 budget. The Board of Trustees will receive the introduction of the proposed budget for analysis at the May 31, 2016, caucus meeting, before formal approval of the 2016-2017 budget at the June 14, 2016, public board meeting.

ATTACHMENTS & APPENDICES

ATTACHMENT I	2016-2017 Spring Proposed Revenue Budget
ATTACHMENT II	Student Enrolment of 2016-2017 vs 2015-2016
ATTACHMENT III	2016-2017 Distribution of Funds
ATTACHMENT IV	District Surplus Plan 2016-2019
ATTACHMENT V	2016-2017 District Initiatives Funded by Surplus

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