

DATE: April 24, 2018

TO: Board of Trustees

FROM: Darrel Robertson, Superintendent of Schools

SUBJECT: 2018-2019 Distribution of Funds

ORIGINATOR: Todd Burnstad, Chief Financial Officer

RESOURCE STAFF: Krista Brandon, Madonna Proulx

REFERENCE: N/A

ISSUE

This report identifies the proposed distribution of funds for the 2018-2019 budget.

BACKGROUND

Provincial Funding

On March 22, 2018 the provincial government announced funding to school boards for the 2018-2019 school year. With no funding rate changes to grants and with projected enrolment growth being funded, the 2018-2019 Spring Proposed Revenue Budget (Attachment I) reflects the government's continued commitment to supporting education.

Key Message

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

Budget Highlights

- With no changes to funding, we have been able to maintain the student allocation rates as well as the staff unit costs at the same levels as in the current year; this results in a fairly "status quo" budget for schools and central decision units. Some schools will be impacted by the projected enrolment growth, but student driven allocations are available to support them.
- A projected enrolment growth of 2.5 per cent or 2,481 new students brings the total projected enrolment to 101,395 (Attachment II).
- In comparison to the 2017-2018 Fall Revised Budget, the distribution of funds reflects a decrease in both revenue and in school allocations resulting from the discontinuation of the one-time Classroom Improvement Fund (CIF). The grant was intended to improve the classroom experience for students and teachers and was part of the central agreement between the Alberta Teachers' Association and the Teachers Employer Bargaining Association. Distributed to school boards based on student enrolment, principals and teaching staff worked collaboratively to determine the best use of the funds for their school. The funds could be used for: teaching and non-teaching positions such as family support workers, educational assistants, psychologists, social workers and mental health professionals; professional development courses on literacy and numeracy, behaviour support, inclusive learning and wellness and materials or equipment such as assistive technology for students in need, or literacy and numeracy resources.

RELATED FACTSBudget Assumptions

- Edmonton Public Schools assumes that any compensation adjustment related to the teachers' agreement (which expired in August 2016) will be fully funded by the province. The 2018-2019 Budget and the Distribution of Funds does not include any potential for compensation adjustments.
- The District is currently completing a forecast in order to update our projected ending accumulated surplus balance for the year ended August 31, 2018. Once completed, a list of initiatives requiring access to surplus funds will be updated, with the goal to release funds in conjunction with the spring proposed budget.

RECOMMENDATION

That the Distribution of Funds for the 2018-2019 budget be approved.

NEXT STEPS

Following approval of the Distribution of Funds, Financial Services will update the budget allocations using the pre-enrolment information (not available until April 23, 2018). The allocations will then be sent out to schools and central decision units on May 1, 2018 for completion of the 2018-2019 Spring Proposed Budget.

ATTACHMENTS and APPENDICES

ATTACHMENT I	2018-2019 Spring Proposed Revenue Budget
ATTACHMENT II	Student Draft Projected Enrolment 2018-2019 vs 2017-2018
ATTACHMENT III	Distribution of Funds

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Edmonton Public Schools
2018-2019 Spring Proposed Revenue Budget - Distribution of Funds

	2018-2019 Spring Proposed Budget	2017-2018 Fall Revised Budget	Variance Fall vs Spring \$	Variance Fall vs Spring %	Notes
BASE INSTRUCTION FUNDING					
Early Childhood Services (ECS) Base Instruction	\$ 31,699,000	\$ 30,737,100	\$ 961,900	3.1%	
Base Instruction (Grades 1 to 9)	446,711,500	435,482,800	11,228,700	2.6%	
Class Size (ECS to Grade 3)	43,305,600	42,120,200	1,185,400	2.8%	
	521,716,100	508,340,100	13,376,000	2.6%	1
High School (Grades 10 to 12)	159,800,000	156,651,300	3,148,700	2.0%	1
Base Instruction Metro (Grades 10 to 12)	1,059,800	1,059,800	-	-	
Base Instr. Metro Summer (Grades 10 to 12)	6,145,400	6,145,400	-	-	
Outreach Site Funding	314,900	314,900	-	-	
Home Education	588,100	588,100	-	-	
	8,108,200	8,108,200	-	-	2
SUBTOTAL BASE INSTRUCTION FUNDING	689,624,300	673,099,600	16,524,700	2.5%	1
DIFFERENTIAL COST FUNDING					
ECS Program Unit Funding (PUF)	43,292,600	43,292,600	-	-	2
Inclusive Education	73,589,000	71,794,200	1,794,800	2.5%	3
English as a Second Language (ESL)	23,011,100	22,450,000	561,100	2.5%	3
First Nations, Metis and Inuit Education (FNMI)	10,037,400	10,037,400	-	-	2
Building Collaboration and Capacity	30,750	30,750	-	-	4
Socio Economic Status	11,618,600	11,335,200	283,400	2.5%	3
Plant Operations and Maintenance (PO&M)	71,287,500	71,287,500	-	-	2
Metro Urban Transportation	24,581,100	24,581,100	-	-	2
ECS Special Transportation	2,710,200	2,710,200	-	-	2
Equity of Opportunity	9,727,300	9,490,100	237,200	2.5%	3
Federal French Funding	590,000	590,000	-	-	2
SUBTOTAL DIFFERENTIAL COST FUNDING	270,475,550	267,599,050	2,876,500	1.1%	
PROVINCIAL PRIORITY TARGETED FUNDING					
High Speed Networking	2,284,800	2,284,800	-	-	2
SUBTOTAL PROVINCIAL PRIORITY FUNDING	2,284,800	2,284,800	-	-	
OTHER PROVINCIAL SUPPORT					
Institutional Support	9,849,700	9,849,700	-	-	2
Regional Collaborative Service Delivery (RCSD)	4,674,900	4,674,900	-	-	2
Bill 1:					
School Fees Reduction Grant	2,660,800	2,660,800	-	-	5
Transportation Fees Reduction Grant	5,334,200	5,334,200	-	-	5
Classroom Improvement Fund (CIF)	-	10,592,000	(10,592,000)	100.0%	6
Provincial School Lease Support	1,916,000	-	1,916,000	100.0%	7
Narrowing Teacher's Salary Gap	239,000	239,000	-	-	2
Decrease of LAPP Employer Contributions	(1,206,000)	-	(1,206,000)	100.0%	8
Reduction in System Admin & School Board Governance	(4,443,000)	(4,182,000)	(261,000)	6.2%	9
SUBTOTAL OTHER PROVINCIAL SUPPORT	19,025,600	29,168,600	(10,143,000)	(34.8%)	
TOTAL PROVINCIAL OPERATIONAL FUNDING	981,410,250	972,152,050	9,258,200	1.0%	

Edmonton Public Schools
2018-2019 Spring Proposed Revenue Budget - Distribution of Funds

	2018-2019 Spring Proposed Budget	2017-2018 Fall Revised Budget	Variance Fall vs Spring \$	Variance Fall vs Spring %	Notes
CAPITAL AND IMR FUNDING					
Infrastructure Maintenance Renewal (IMR)	12,315,000	12,315,000	-	-	2
Amortization of Capital Allocations and Expended Deferred Capital Revenue	34,249,200	34,249,200	-	-	2
CAPITAL AND IMR FUNDING	46,564,200	46,564,200	-	-	
OTHER PROVINCIAL REVENUES					
Tuition Agreements	1,370,300	1,370,300	-	-	10
Secondments - Provincial	2,899,000	2,899,000	-	-	10
Alberta Education Conditional Grants	1,430,800	474,800	956,000	201.3%	11
Alberta Teachers' Retirement Fund (ATRF)	59,425,700	59,425,700	-	-	2
SUBTOTAL OTHER PROVINCIAL REVENUES	65,125,800	64,169,800	956,000	1.5%	
TOTAL GOVERNMENT OF ALBERTA	1,093,100,250	1,082,886,050	10,214,200	0.9%	
OTHER PROVINCIAL GRANTS	2,718,000	2,718,000	-	-	10
FEDERAL GOVERNMENT AND FIRST NATIONS	2,443,500	2,443,500	-	-	10
OTHER ALBERTA SCHOOL AUTHORITIES	838,400	838,400	-	-	10
FEES					
School Fees - School Generated Funds	13,291,900	13,291,900	-	-	10
Transportation Fees	7,614,400	7,614,400	-	-	10
Lunch Program Fees	4,579,000	4,579,000	-	-	10
Metro Continuing Education Fees	708,700	708,700	-	-	10
Music Instrument & Other Material Fees	281,500	281,500	-	-	10
SUBTOTAL FEES	26,475,500	26,475,500	-	-	
OTHER SALES AND SERVICES					
International Student Tuition	7,050,000	7,050,000	-	-	10
Sales and Services - Schools & Central DU's	4,791,800	4,791,800	-	-	10
Other Sales and Services - School Generated Funds	3,893,100	3,893,100	-	-	10
Secondments - Other Entities	1,228,200	1,228,200	-	-	10
Adult Education	1,831,300	1,831,300	-	-	10
SUBTOTAL SALES AND SERVICES	18,794,400	18,794,400	-	-	
INVESTMENT INCOME	3,200,000	3,200,000	-	-	
GIFTS AND DONATIONS					
School Gifts and Donations	5,141,300	5,141,300	-	-	10
EPSB Foundation Support	450,000	450,000	-	-	10
SUBTOTAL GIFTS AND DONATIONS	5,591,300	5,591,300	-	-	
FUNDRAISING - School Generated Funds	1,764,100	1,764,100	-	-	10
RENTAL OF FACILITIES	4,050,100	4,050,100	-	-	10
TOTAL OPERATING REVENUE	\$1,158,975,550	\$ 1,148,761,350	\$ 10,214,200	0.9%	

Note: Some of the fall revised budget figures have been reclassified to conform to the comparable spring proposed budget presentation.

**Notes to the
2018-2019 Spring Proposed Revenue Budget - Distribution of Funds**

Unless otherwise noted, variance explanations have been provided for amounts where the 2018-2019 spring proposed budget differs from the 2017-2018 fall revised budget by more than 5 per cent.

1 Base Instruction Funding

The overall increase in base instruction funding is due to a projected enrolment growth of 2,481 students (see Attachment II for additional details). For 2018-2019, there are no increases in the per student funding rates; however, the Province is continuing to fund enrolment growth.

2 Various Grants

The budget amounts have been carried forward from 2017-2018 and will be updated when the budgets are completed in the spring. These budgets are a flow-through where any change from the amount currently shown will be offset by an equivalent amount allocated to schools or central decision units.

3 Inclusive Learning, English as a Second Language, Socio Economic Status, and Equity of Opportunity Grants

These grants have been updated based on our projected enrolment increase of 2.5 per cent as they directly impact our allocations to schools and central departments.

4 Building Collaboration and Capacity in Education (BCCE)

This is the third year of a three-year grant that started in 2016-2017. The purpose of this grant is to increase opportunities for First Nations students to receive culturally responsive and meaningful education programs and services through enhanced collaboration and coordination among education stakeholders. The grant provides \$335 per First Nation student residing on a reserve but attending a District school. In addition, the District submitted a grant application requesting \$14,000/ year for a total of \$42,000 over the three years.

5 School and Transportation Fees Reduction

This targeted funding is related to Bill 1: An Act to Reduce School Fees and we will continue to receive this funding for the 2018-2019 school year; however, this amount is tied to our 2015-2016 Audited Financial Statements and has not been indexed to cover enrolment growth for the 2016-2017, 2017-2018, and 2018-2019 school years.

6 Classroom Improvement Fund (CIF)

The Classroom Improvement Fund (CIF) Grant Program was established as part of the central table Memorandum of Agreement between the Teachers' Employer Bargaining Association and the Alberta Teachers' Association. The intent of the CIF grant was to improve the student experience in the classroom. This grant expires August 31, 2018.

7 Provincial Lease Support

This funding is provided by the Province for the lease of privately owned facilities and the District has consistently received this funding over the last number of years. An application to continue to receive this funding has been submitted and notification of approval will not be received until later in the year.

8 Decrease of LAPP Employer Contributions

The board of trustees of LAPP has decided to reduce the contribution rates by one per cent for both employers and employees effective January 1, 2018. Alberta Education will therefore process a payment reduction estimated based on the proportion of each participating jurisdictions' non-certificated employees compared to the total number of non-certificated employees in all jurisdictions, as reported in their 2016-2017 audited financial statements. This reduction is anticipated for the next three years.

9 Reduction in System Admin & School Board Governance

Alberta Education began processing a deduction from school jurisdictions payments equivalent to 10 per cent of boards' allowable administration maximum in the 2013-2014 school year. The deduction was originally calculated based on total expenditures in the 2011-2012 audited financial statements and has increased year over year since it was implemented.

**Notes to the
2018-2019 Spring Proposed Revenue Budget - Distribution of Funds**

10 Other Provincial Revenues/Grants, Fees, Sales and Services, Gifts and Donations, Fundraising & Rental of Facilities

The budget amount has been carried forward from 2017-2018 and will be updated in the spring when the budget amounts are entered directly by the individual school or central decision unit.

11 Alberta Education Conditional Grants

This amount has been updated to reflect the increase in the School Nutrition Grant. For the 2017-2018 school year, the District was eligible for \$250,000 and for the 2018-2019 school year this amount has increased to \$1,206,000. All other conditional grants will be further updated in conjunction with the spring proposed budget.

Edmonton Public Schools
Projected 2018-2019 vs September 30, 2017 Enrolment
Funded vs Other

Student Enrolment by Division	2018-2019 Projected Enrolment	2017-2018 September 30 Actual Enrolment	Enrolment Increase	Variance %	2016-2017 September 30 Actual Enrolment
Funded Students:					
Early Childhood Services (ECS)	9,491	9,203	288	3.1%	8,778
Elementary - Div I	23,714	23,079	635	2.8%	22,628
Elementary - Div II	22,536	21,977	559	2.5%	20,757
Junior High	20,626	20,139	487	2.4%	19,394
Senior High	24,079	23,568	511	2.2%	23,072
Subtotal - Enrolment for Grades 1-12	90,955	88,762	2,192	2.5%	85,851
Subtotal Funded Students	100,446	97,965	2,481	2.5%	94,629
Subtotal Other Students	949	949	-	0.0%	1,013
Total Student Enrolment	101,395	98,914	2,481	2.5%	95,642

NOTE: The 2018-2019 projected enrolment figures are preliminary and will be updated using actual pre-enrolment data.

Edmonton Public Schools
2018-2019 Spring Proposed Budget - Distribution of Funds
Total Allocations

	*	2018-2019 Spring Proposed Budget	2017-2018 Fall Revised Budget	*	Variance \$	Variance %	Notes
Projected Revenue							
Operating Revenue		\$ 1,158,975,550	\$ 1,148,761,350		\$ 10,214,200	0.9%	
Operating Reserve Funds ^A		-	61,479,239		(61,479,239)	(100.0%)	A
Operating Revenue		<u>\$ 1,158,975,550</u>	<u>\$ 1,210,240,589</u>		<u>\$ (51,265,039)</u>	<u>(4.2%)</u>	
School Allocations							
School Allocations Levels 1 to 8		\$ 663,199,751	\$ 656,049,979		\$ 7,149,772	1.1%	1
Other Supplemental School Allocations		152,748,176	161,358,221		(8,610,045)	(5.3%)	2
		<u>815,947,927</u>	<u>817,408,200</u>		<u>(1,460,273)</u>	<u>(0.2%)</u>	
School Generated Funds/External Revenues		32,659,636	32,659,636		-	-	3
Subtotal School Allocations	73.2%	<u>848,607,563</u>	<u>850,067,836</u>	73.6%	<u>(1,460,273)</u>	<u>(0.2%)</u>	
Other Allocations							
Metro Continuing Education		12,419,358	12,419,358		-	-	4
External Revenue Allocations - Central		10,730,310	10,730,310		-	-	4
District Level Fixed Costs	6.2%	71,580,240	71,580,240	6.2%	-	-	5
District Level Committed Costs	7.9%	91,826,498	90,018,008	7.8%	1,808,490	2.0%	6
		<u>186,556,406</u>	<u>184,747,916</u>		<u>1,808,490</u>	<u>1.0%</u>	
Central Decision Units**	5.6%	64,385,881	61,459,662	5.3%	2,926,219	4.8%	7
Subtotal Other Allocations		<u>250,942,287</u>	<u>246,207,578</u>		<u>4,734,709</u>	<u>1.9%</u>	
Alberta Teachers' Retirement Fund (ATRF)		<u>59,425,700</u>	<u>59,425,700</u>		<u>-</u>	<u>-</u>	8
Total Allocations		<u>1,158,975,550</u>	<u>1,155,701,114</u>		<u>3,274,436</u>	<u>0.3%</u>	
Planned Use of Reserves ^A		-	54,539,475		(54,539,475)	100.0%	A
Total Budget		<u>\$ 1,158,975,550</u>	<u>\$ 1,210,240,589</u>		<u>\$ (51,265,039)</u>	<u>(4.2%)</u>	

^A Details around the District's planned use of accumulated operating reserves will be included with the spring proposed budget.

* The amount as a percentage of the total allocations (prior to using any reserve funds).

** The maximum expenditure for system administration and school board governance is 3.6 per cent. The total amount allocated to Central Decision Units includes portions allocated to instruction and are not included in the 3.6 per cent cap calculation.

Note Some of the fall revised budget figures have been reclassified to conform to the comparable spring proposed budget presentation.

**Notes to the
2018-2019 Spring Proposed Budget - Distribution of Funds
Total Allocations**

Unless otherwise noted, variance explanations have been provided for amounts where the 2018-2019 spring proposed budget differs from the 2017-2018 fall revised budget by more than 5 per cent.

1 School Allocations Levels 1 to 8

School Allocations for the distribution of funds report are based on high level enrolment projections which predict the number of students at each grade level and the number of students in need of specialized supports and services. For 2018-2019, there have been no changes to the per student allocation rates. The school allocations will be updated for the spring proposed budget using updated pre-enrolment data.

2 Other Supplemental School Allocations

Included in this category are allocations that directly support schools. Specific changes in some of the allocations are included below:

Allocation	Details	\$ Variance (Decrease)
<u>Equity Fund</u>	The Equity Fund was established with a base allocation of \$4 million in the spring of 2017-2018. In the fall revised budget it was increased by \$1.9 million from school surpluses over three per cent and and \$5 million from surplus funds, for a total of \$10.9. For 2018-2019 spring proposed budget, the base allocation has been increased by \$3.8 million resulting in a total of \$7.8 million. Although this currently results in a decrease of \$3.1 million, this allocation will be adjusted further in the fall with the addition of the 2017-2018 school surpluses in excess of three per cent.	(3,139,764)
<u>Classroom Improvement Fund</u>	The Classroom Improvement Fund (CIF) Grant Program was established as part of the central table Memorandum of Agreement between the Teachers' Employer Bargaining Association and the Alberta Teachers' Association. The intent of the CIF grant was to improve the student experience in the classroom in the 2017-2018 school year. Fifty per cent of the funding was allocated to schools on a per student basis and the remaining amount was directed to central to support schools. This was a one year program only and has been removed from the 2018-2019 spring proposed budget.	(5,296,005)
<u>Other Miscellaneous Allocations</u>	Net Decrease	(174,276)
		<u>(8,610,045)</u>

3 School Generated Funds/External Revenues

The budget amount has been carried forward from 2017-2018 and will be updated when the budgets are completed in the spring.

4 Metro Continuing Education and External Revenue Allocations - Central

The budget amount has been carried forward from 2017-2018 and will be updated when the budgets are completed in the spring as the budget is entered directly by the individual central decision unit. The central external revenue is comprised mostly of secondment revenue from the Alberta Government, other grants, and lease and parking revenue.

5 District Level Fixed Costs

The budget amount has been carried forward from 2017-2018 and will be updated when the budgets are completed in the spring.

**Notes to the
2018-2019 Spring Proposed Budget - Distribution of Funds
Total Allocations**

6 District Level Committed Costs

In alignment with our student population increases, District costs are also increasing. This line represents a variety of costs covered at the District level, thereby limiting the impact to school budgets. Starting in 2018-2019, this includes factoring in a portion of the Core Technology Enterprise Management initiative that for the past two years has been fully funded through the use of surplus dollars. Also included is the addition of \$100,000 to increase the allocation for Professional Improvement Leaves approved by the Board of Trustees on November 28, 2017.

7 Central Decision Units

Over recent years, student enrolment has grown an average of 3% per year and the work of the central decision units has also increased in order to support these additional students. This work is currently being funded using surplus dollars, which is not sustainable. In an effort to realign the base allocations, leaders were asked to look at their decision units and determine what their critical needs were in order to continue to support schools and the District at the current service levels. The District Support Team (DST) reviewed these requests and approved an additional \$2.9 million for base allocations to various central decision units.

Over the coming months, DST will continue to review the core work of central decision units with the goal of aligning central base allocations to the work that directly supports the District's strategic plan. Future access to surplus funds should be directed to projects or initiatives that have a specific purpose or goal over a defined period of time. Surplus funds should not be used to fund ongoing essential central core services.

8 Alberta Teachers' Retirement Fund (ATRF)

This amount represents a flow-through of teacher retirement benefits paid by the Province on behalf of our teachers and matches the revenue from the Province. This amount will be updated when the budgets are completed in the spring.