

DATE: October 8, 2024

TO: Board of Trustees

FROM: Darrel Robertson, Superintendent of Schools

SUBJECT: Proposed Distribution of Additional Funding for 2024-2025

ORIGINATOR: Todd Burnstad, Chief Financial Officer

RESOURCE STAFF: Jeremy Higginbotham

REFERENCE [Government of Alberta news release.](#)

ISSUE

On July 23, 2024, Education Minister Demetrios Nicolaides announced additional funding of \$215 million for school divisions across the province. This funding is intended to address enrolment growth, rising operational costs and inflation. Of this funding, \$125 million will be directed to operating expenses and \$90 million to support the construction and installation and relocation of modular classrooms and modular units.

As a result of this additional funding, the Province has updated our funding profile and the detailed grant calculations as well as the 2024-2025 Funding Manual. The Province has indicated this additional funding and the changes to the grant calculations are for the 2024-2025 school year only. Specific highlights of the grant calculation changes are provided below.

Base Instruction - the base funding rates were increased by 1.1 per cent. For example, grade 1-9 base funding rose by \$72 from \$6,492 per eligible student to \$6,564 (ECS and High School have different base rates which also have increased by 1.1 per cent). The total increase to the Division's base instruction funding is \$8.1 million.

Services & Supports Grants - these grants include Program Unit Funding (PUF), Moderate Language Delay, Specialized Learning Supports, First Nations, Métis and Inuit (FNMI) and English as an Additional Language. In total, our services and supports grants have increased by \$3 million.

Supplemental Enrolment Growth (SEG) Grant - this grant consists of a per student funding amount applied against the increase in year over year enrolment. For the first 100 students, the rate has remained the same at \$1,500 per student; however, for any student growth in excess of 100, the funding amount has increased from \$2,000 to \$4,000 per student. For Edmonton Public Schools, the September 2024 projected enrolment is 5,761.5 FTE higher than our September 2023 enrolment.

Based on the updated formulas, the Division anticipates an additional \$22.4 million (or a 1.9 per cent increase in total funding) for the 2024-2025 school year. As such, the Division is proposing the additional funds be directed to the following allocations:

Weighted Enrolment Allocation (\$13 million)

The Division's largest allocation (representing approximately 75 per cent of the total direct school allocations) is the Weighted Enrolment Allocation which is provided to schools based on their proportion of the Division's weighted enrolment. The level of specialized learning support required by students is directly correlated to the school's weighted enrolment allocation.

Weighted Enrolment is a type of enrolment applied by Edmonton Public Schools that considers the specialized learning supports that may be required by some students. For example, a student with a diagnosis of Cerebral Palsy who is not able to communicate verbally, is not mobile, and needs assistance for self-help skills requires a high level of specialized learning support. The Weighted Enrolment Allocation takes this into account and assigns a higher weighting to this student, allowing the school to receive a greater allocation.

In other words, School A with 175 students may end up with a different Weighted Enrolment Allocation from School B with 175 students if the composition of the students differ and require different supports.

At each budget cycle, the Division's Weighted Enrolment Allocation rates are subject to change as the amount of funding available as well as the total Division's weighted enrolment changes.

The Weighted Enrolment Allocation per student amounts had to be decreased for the 2024-2025 spring budget (as compared to the 2023-2024 fall budget) as a result of inflationary pressures that increased Division-level fixed costs. Approximately \$6 million would restore the per student weighted enrolment to the same level as the prior year. By directing \$13 million of the additional funding to this allocation, the per student allocation levels will increase by approximately 1.1 per cent compared to prior year. The updated Weighted Enrolment Allocation will be calculated using the actual September enrolment count information (including the composition of students) as opposed to using the spring budget projected enrolment figures.

Services & Supports - Targeted Allocations (\$3 million)

Out of our total additional funding, approximately \$3 million is for service and support grants. These grants include PUF, Moderate Language Delay, Specialized Learning Supports, FNMI, and English as an Additional Language. The Division treats the majority of these grants as a flow through, where the funding received is directly allocated out correspondingly.

September Actual Enrolment vs Projected Enrolment relief (\$4 million)

With the implementation of the Weighted Moving Average (WMA), funding is provided to school divisions based on historical enrolment as well as projected enrolment for the upcoming school year. To match this methodology, school budgets are completed in April with allocations being calculated using the individual school's projected enrolment. In the fall, surplus funds have been used to support schools where their actual enrolment is higher than their projected enrolment and where the composition of students in September may result in the school requiring additional supports.

For 2024-2025, this additional funding, which is intended to address enrolment growth pressures, will be used to continue the enrolment relief allocation instead of accessing the Division's accumulated operating surplus. (Attachment I provides additional information on the accumulated operating surplus plan for 2024-2025).

Unit Cost Relief (\$2.3 million)

The largest category of expenses for the Division is salaries, wages and benefits for both certificated and non-certificated employees. Salaries account for 63 per cent and benefits at 16 per cent for a combined total of 79 per cent of our total operating costs. To stabilize the impact of compensation expenses for school budgets, the Division calculates unit costs for each staff group.

For the 2024-2025 school year, the Division anticipated increased benefit rates including: dental coverage (increase of 12 per cent), extended health care (increase of 10 per cent), workers' compensation (increase of 23 per cent) and the impact of the new Canada Pension Plan (CPP) enhancement (a second additional contribution (CPP2)). These increased benefit rates will result in an additional \$16 million cost to the Division.

In order to reduce the impact to school and central budgets, only a portion (approximately 50 per cent) of the estimated increases were passed along to school and central cost centers. As the additional funding was also intended to address inflationary pressures, by directing a portion of these funds to unit costs, the Division will be able to continue to absorb a portion of this remaining burden that would otherwise be transferred to schools and central budgets for the upcoming 2025-2026 budget.

Mental Health (\$0.1 million):

The promotion of student and staff well-being and mental health is a Division priority. In addition to the mental health supports that were outlined in the 2024-2025 budget (\$3.5 million), a portion of these additional funds will be used to hire an additional mental health therapist (one-year term contract), to help manage the increasing number of referrals the Division is experiencing.

BACKGROUND

The Division is on track to grow by 18 per cent since 2020-2021 (five years). The 2024-2025 school year will be the fifth year of the WMA funding model. Integral with the new funding model is that all grants are either fully or partially calculated using the WMA methodology. This model captures the number of funded students across three school years and does not allocate funding per individual student. The Supplemental Enrolment Growth (SEG) grant was introduced as a mechanism to help bridge the gap in per-student funding caused by the WMA. The grant was adjusted in November 2023, resulting in an additional \$5 million of funding for the Division. The current revision to the SEG formula almost doubles the grant from \$11.5 million to a total of \$22.8 million for the current school year (an increase of \$11.3 million, which is slightly more than half of the entire additional funding we will be receiving). Even with this adjustment to the SEG grant, the WMA methodology continues to present challenges for growing school divisions like Edmonton Public.

RELATED FACTS

Change to the Maximum Limit on Operating Reserves

For the 2023-2024 School Year, school jurisdictions were required to maintain a minimum one per cent operating reserve balance and a maximum of 3.2 per cent of the total expenses reported in the prior year Audited Financial Statements. For the 2024-2025 school year this maximum percentage is increasing to 6.0 per cent.

Additional Modular Classrooms

Included in the July 2024 announcement, the province committed to distributing 100 modular classrooms and the relocation of 50 modular classrooms among the metro school boards in Alberta. The Division will receive funding for 26 new modular classrooms and funding for up to 11 relocations.

Extension of the Provincial Mental Health in Schools Pilot Program

On August 13, 2024, Alberta Education announced an additional \$6.7 million for the continuation of mental health initiatives already under way until the end of the 2024-2025 school year.

The pilot program was first announced in June of 2022. The original commitment reflected \$20 million in funding over two years. Community service providers were invited to apply for this funding in partnership with at least two school Divisions. The Division partnered with the United Way around an application with the following partners:

- Edmonton Catholic Schools
- Edmonton Public Schools
- Boys and Girls Clubs Big Brothers Big Sisters of Edmonton & Area
- The Family Centre
- The United Way Alberta Capital Region.

After reviewing all applications, the province announced that \$40 million was being directed to this initiative. Projects were initiated during the 2022-2023 school year with the intent to be funded through to December 2024; this announcement will continue the funding until the end of June 2025.

Through this grant funding, two Division schools are provided with a mental health therapist from the Family Centre as a member of their school community. Additionally, as stated in the intent of the project grant submission, the schools are building on resilience theory to take actions that create a school culture that supports a sense of welcome and belonging for all. The two schools are McArthur and Calder.

RECOMMENDATION

That the proposed allocation detailed above to distribute the additional \$22.4 million of funding for the 2024-2025 school year be approved.

OPTIONS

Based on the information provided in this report, the following options are considered most appropriate:

1. Approve the recommended allocation as presented.
2. Approve the proposed allocation with amendments.
3. Request administration to propose alternative options to distribute these additional funds.

CONSIDERATIONS and ANALYSIS

The proposed allocation methodology (following the Weighted Enrolment Allocation) is widely understood and is considered equitable among our schools. By using current enrolment data, schools that have welcomed students after the September count will receive additional financial resources for these students.

NEXT STEPS

If approved, administration will initiate a budget amendment. Information will be shared with schools in conjunction with the amendment including how the allocation was calculated. In addition, the 2024-2025 budget advocacy documents will be updated to reflect the actual enrolment at the September count date as well as the additional funding that has been provided.

ATTACHMENTS and APPENDICES

ATTACHMENT I Accumulated Operating Surplus Plan for 2024-2025

TB:ja

Edmonton Public Schools
Accumulated Operating Surplus (AOS)* Plan for 2024-2025

	Amount	Total Amount	Notes
Maximum allowed Accumulated Operating Surplus for 2023-2024	3.2%	\$ 38,986,375	A
<u>2024-2025 Initiatives Funded through Access to Surplus**</u>	Spring Approved 2024-2025 Budget	Proposed Fall 2024	
1 September Actual Enrolment vs Projected Enrolment relief	\$ 4,000,000	\$ -	B
2 Unit Cost Relief	2,450,000	-	B
3 Continuation of the Equity Achievement Project (Year 4)	2,215,500	2,215,500	
4 Continuation of the Anti-Racism and Equity Action Plan (Year 4)	500,000	500,000	
5 Continuation of the Education Assistant (EA) Internship (2 EA Mentors & compensation for 2 cohorts of 60 participants)	1,437,736	1,437,736	
6 Special Needs and Language Teacher Development (Year 3)	1,500,000	1,500,000	
7 Phase 2 - New School Start-up (Elder Dr. Francis Whiskeyjack)	1,000,000	1,000,000	
8 Energy Management - building audits/studies for identification of energy efficiency capital investments	500,000	500,000	
9 New Division website (Year 1 of 2)	228,000	228,000	
10 Transportation	2,200,000	2,200,000	
11 Centre for Education plan (Year 1 of 4)	365,000	365,000	
Access to surplus (to be released during 2024-2025)	\$ 16,396,236	\$ 9,946,236	
Access to surplus as a percentage of the Maximum allowed.	42%	26%	

Notes:

* The AOS is comprised of internally restricted reserves. Transportation reserve can only be used for transportation-related expenses, System Administration (SA) can be used for SA expenses or the Board can transfer SA reserve funds into the Instruction reserve. Instruction can only be used for Instruction (not for SA expenses).

** Additional details on each initiative can be found in the 2024-2025 Budget document approved at the May 24, 2024 Board Meeting.

A For the 2023-2024 School Year, school jurisdictions were required to maintain a minimum one per cent operating reserve balance and a maximum of 3.2 per cent of the total expenses reported in the prior year Audited Financial Statements. As the 2023-2024 financial statements are not yet completed, the amount shown reflects the maximum amount the Division can retain in the Operating Reserve at the end of August 2024.

B If approved, funds from the additional 2024-2025 funding that was announced in July 2024, would be used instead of drawing down the Division's accumulated surplus.