

June 23, 2023

The Honourable Demetrios Nicolaides
Minister of Education
7th Floor, 10155-102 Street NW
Edmonton, AB T5J 4L5

Dear Minister Nicolaides:

Re: Request for approval to transfer operating funds to replenish our capital reserves

Thank you, first of all, for the meeting earlier this month. We appreciate you reaching out so quickly after being appointed Education Minister. We look forward to future conversations and working collaboratively.

The Board of Trustees is writing with a specific request.

Background

As we discussed, during our meeting on June 19 over the last two years, Edmonton Public Schools has experienced significant enrolment growth. We grew by 4.5 per cent in 2021-2022. For the 2023-2024 school year, projections have the Division expecting more than 114,000 students, which is an increase of about 5,500 students or five per cent from the current school year (frozen funded head count).

Over the past 10 years the Division's utilization rate has risen 15 per cent from 67 per cent to 82 per cent. All areas of the city are seeing increased utilization; however, we are seeing the most growth in the north, west, southeast and southwest – new neighbourhoods outside of the Anthony Henday where we have very few schools.

Proactively, the Division has established a growth control model to manage enrolment. This includes measures like having enrolment limits, closed boundaries, and instituting lotteries in the most extreme cases. The Division first implemented the lottery process for the 2020-2021 school year with three schools. Already, we've had to move four more schools, for a total of seven, to a lottery process.

We have also experienced an increase in both students with complex needs, and students needing to take fourth and fifth years to complete high school. Both issues are resulting in the need for more space, staff and resources.

Issue

The Edmonton School Division's Capital Reserve Balance is vital in addressing the many capital requirements and targeted capital projects needed to provide safe and accommodating spaces for student learning.

In an attempt to accommodate our growing enrolment and increased need for fourth- and fifth-year programming for high school, the Division has recently purchased the Alberta College Building (REF AR120348 - Attached). As many of our high schools are already at over 100 per cent utilization, we cannot accommodate fourth- and fifth-year students at their designated high school. Despite Dr. Anne Anderson School opening in September 2021 and the southeast (Meadows) high school scheduled to open in September 2024, the Division will again be out of high school space in 2027.

This year, the Division also purchased additional portables. Although the Division appreciates the five fully funded portables we received from the Ministry this year, the shortfall of 25 has resulted in the Division needing to self-fund four additional units and incur additional costs to relocate some existing portables from other locations to address our urgent space needs for 2023.

We anticipate that capital cost pressures will continue into future years; having additional funds in our capital reserve will help to address this. With the increasingly complex needs and growth of our student population, additional capital work is required to create necessary spaces to accommodate students.

Operationally, for the current year, the Division's anticipated drawdown of \$11.7 million from our accumulated surplus from operations (ASO) was based on the original 2022-2023 Spring Budget. The Division now anticipates that we will end the current year with a small operational surplus (without the use of any accumulated operating surplus funds). This can be attributed to schools working to ensure the effective stewardship of financial resources, coupled with the shortage of educational assistants and supply staff challenges translating into unfilled positions.

We commit to continuing to be careful stewards of public dollars; however, we do not see the challenges we have outlined in this letter diminishing in the near future. Therefore, having reserve funds available to address emergent needs will be critical.

Current Balance of our Capital Reserve:

The following statement of capital reserve shows our expected balance at August 31, 2023, of \$17.4 million (after the purchase of the Alberta College Building); and our planned use of capital reserve funds, including the current request to transfer \$9 million from our operations; leaving a forecasted balance of \$20.5 million at the end of the 2023-2024 school year for use in future years. This is less than two per cent of our total Division budget.



Notes:	Approved	Proposed	
Accumulated capital reserve balance at September 1, 2022			41,300,000
Approved Purchase of Alberta College			(22,000,000)
Forecasted Targeted Capital Expenses			(1,900,000)
Forecasted accumulated capital reserve balance at August 31, 2023			\$ 17,400,000
Proposed transfer from Operating Surplus (prior to August 2023) - Ministerial Approval Required		\$ 9,000,000	9,000,000
Projected accumulated capital reserve balance at September 1, 2023			\$ 26,400,000
Capital transactions projected for 2023-2024			
Growth and Student Accommodation 2023-2024 (including carryforward from 2022-2023)	(4,800,000)		(4,800,000)
Division Energy and Environment Strategy		(2,000,000)	(2,000,000)
Funds anticipated from First Place Program and Land Sale	921,484		921,484
Forecasted accumulated capital reserve balance at September 1, 2024			\$ 20,521,484
Capital Reserve funded projects, future use:			
Growth and Student Accommodation (future use)	(7,100,000)	(2,000,000)	(9,100,000)
Division Energy and Environment Strategy		(6,000,000)	(6,000,000)
Forecasted accumulated capital reserve balance (uncommitted)	\$ (10,978,516)	\$ (1,000,000)	\$ 5,421,484

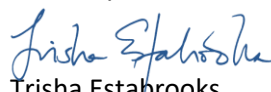
Summary

The requested transfer of operating funds to capital reserves would help to address the ongoing capital needs of the Division to build capacity for diverse needs and growing enrolment.

Action Requested

Edmonton Public Schools requests Ministerial approval for replenishing our capital reserve with a transfer of \$9 million from our 2022-2023 operations to our capital reserve. Please reach out if you have any questions or require further explanation of our request.

Sincerely,



Trisha Estabrooks
Board Chair

Enclosure

c: Darrel Robertson, Superintendent





ALBERTA
EDUCATION

Office of the Minister

AR120348

FEB 28 2023

Ms. Trisha Estabrooks
Board Chair
Edmonton Public Schools
Centre for Education
1 Kingsway NW
Edmonton AB T5H 4G9

Dear Ms. Estabrooks:

Thank you for your December 16, 2022 letter requesting ministerial approval to use capital reserves to purchase the Alberta College building.

I have reviewed your proposal to purchase the building for \$22 million, plus applicable GST. I appreciate the amount of work that has been done to negotiate a sale price, and to prepare for the purchase to ensure student learning is not interrupted when the lease ends.

It is my understanding that Edmonton Public Schools reported a capital reserve balance of \$41 million for 2021/22 and the projection, including this purchase, will reduce the balance to \$13 million at the end of 2022/23. I trust that this balance is sufficient for any future capital requirements, and that this purchase will not jeopardize capital needs in the coming years.

I am pleased to inform you that I hereby approve Edmonton Public Schools' request to access up to \$22 million, plus GST, for the purchase of the Alberta College building, to be used for the Centre High program.

I wish you success in completing the purchase of this building.

Sincerely,



Adriana LaGrange
Minister