

operating budget for 2012-13 and beyond



learning | as unique | as every student



**Calgary Board
of Education**

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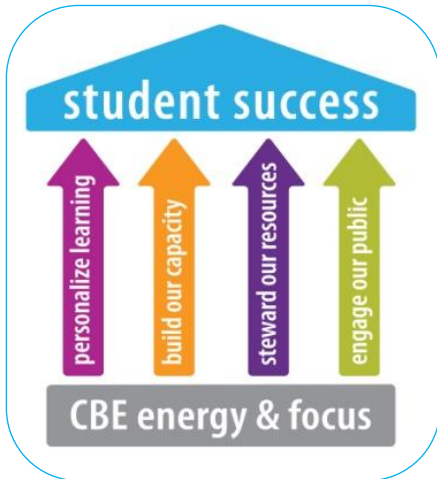
Budgeting for Success¹

The Calgary Board of Education is one of the best public education systems in the world. Outstanding education depends on making wise decisions about how to invest public resources on behalf of more than 104,000 students. It's an important responsibility. The money we spend educating our youth is one of the most important investments communities can make in their future.

The Province of Alberta projects a total of \$40.3 billion in revenue for 2012-13. The Province's second biggest expense is education for students from Kindergarten to Grade 12. The largest school board in Alberta, the CBE, will receive an estimated \$1.069 billion in provincial grant revenue for the 2012-13 school year.

Our Ultimate Goal

Our budget decisions are driven by our ultimate goal – ensuring student success. This goal is expressed by our Board of Trustees' expectation that each student, in keeping with his or her individual abilities and gifts, will complete high school with a foundation of learning necessary to thrive in life, work and continued learning. This “mega result” encompasses very specific expectations for student outcomes in academic success, character, personal development and citizenship.



Achieving student success requires commitment from every part of the CBE community. It requires a vision of what success looks like for every student, and a plan for how we will get there. This vision is defined by Alberta Education, and reflected in our Three-Year Education Plan.

The Three-Year Education Plan guides our work and connects each CBE employee to our ultimate goal of student success. Everything we do to support students falls under four categories; personalize learning, build our capacity, engage our public and steward our resources.

Stewarding our resources means that we recognize our responsibility to ensure public funding delivers the best possible public education for our students. Building balanced budgets—both operating and capital—is an opportunity to demonstrate the connection between funding and student success.

The most recent provincial budget kept its promise for sustainable funding. The Alberta government provided three-year budgets to enable long-term planning. For the first time, school boards can project their financial plans beyond the next fiscal year. Consequently, for the first time, the Three-Year Education Plan is complemented by a three-year funding model. A three-year, predictable funding model allows us to be more strategic in how we plan for student learning.

¹ Throughout this document, the 2011-12 budget figures presented reflect the Fall Updated Budget approved by the Board of Trustees on Dec. 6, 2011 modified to reflect revenues and expenditures at Nov. 30, 2011 that are deemed to be sustainable into the future. No restatement of 2011-12 budget figures to reflect changes in presentation have been made. Any presentation differences between the years will be explained as variances.

Operating Budget Highlights

Our goal in building the budget is to dedicate the maximum possible resources to optimize learning for students in classrooms. We remain focused on this goal as we prepare balanced budgets each year. Our expenditures are measured against the goals of our Three-Year Education Plan to ensure that everything we do contributes as much as possible to student success.

Key highlights of the budgets include:

- funding to schools via the Resource Allocation Method (RAM) has increased by \$21 million over last year
- we expect to hire an additional 163 positions for the next school year
- Alberta Education requires us to balance our budgets each year
- we expect our enrolment to top 105,654 students at 225 schools across Calgary
- the portion of the budget the CBE spends on Board Governance and Administration will drop from 3.7 per cent to 3.4 per cent of our total operating budget, placing the CBE among the most efficient school districts in the province

The budget numbers presented in this report will be finalized in the fall of 2012, to reflect our Sept. 30, 2012 actual enrolment. A fall budget update is produced once all the numbers are finalized. The following “budget-at-a-glance” shows our revenue and how we spend it to support student learning.

Budget-at-a-Glance 2012-13

Revenue

	Budget	
	all figures in \$ thousands	%
Government grants	1,043,232	90.5
Fees, sales and services	51,151	4.4
Other	28,881	2.5
Capital allocations	29,606	2.6
	<u>1,152,870</u>	<u>100.0</u>



Government grants include provincial and federal operation funding based on enrolment projections for the 2012-13 school year.

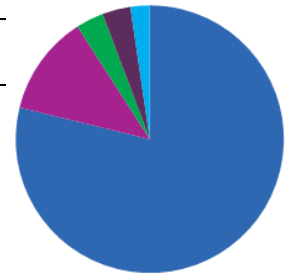
Fees, sales and services includes transportation fees, noon supervision fees, instructional supplies and material fees and fees charged at the school level for field trips, athletics, and arts, revenues for Chinook adult education programs, international student fees and general sales at the school level.

Other includes gifts and donations, fundraising, leasing revenue, and investment income.

Capital allocations represent provincial funding for school building amortization.

Expenses

	Budget	
	all figures in \$ thousands	%
Instruction: ECS - Grade 12	921,268	78.9
Operations & maintenance	141,608	12.1
Transportation	39,012	3.3
Board & System Administration	39,918	3.4
External services	27,144	2.3
	<u>1,168,950</u>	<u>100.0</u>



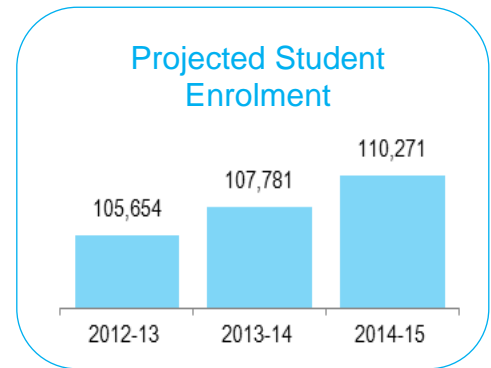
Instruction includes teacher and support staff salaries and benefits.

Board and System Administration includes administrative functions and central services support for the jurisdiction at the district or system level.

External services consists of costs related to education services outside of regular program areas including international student services and adult learning.

How New Schools are Funded

New schools are funded by the provincial government through a capital budget. Each year, the CBE submits a detailed, three-year capital plan to the provincial government. It outlines where we need to build new schools, or modernize existing schools to serve the needs of our community. The plan details the top priorities. Although we prepare the plan every year, except for a recent \$10.5 million allocation for Chinook Learning Services, no new capital projects have been approved in the past four years.



Capital projects approved a number of years ago mean that four new CBE middle schools (Grades 4-9 or Grades 5-9) will open in September including:

- Nose Creek School – Coventry Hills
- Twelve Mile Coulee School – Tuscany
- Ted Harrison School - Taradale
- Captain Nichola Goddard School - Panorama Hills

In addition, major modernization projects are being completed at Western Canada High School and Lord Shaughnessy High School. The new Northwest High School is expected to open in September 2013.

Parents Guide School Fees for 2012-13

The funding we receive does not always cover the cost of services provided by the CBE. For example, the funding provided for transportation is \$6.9 million less than the cost of providing the service. In total, the CBE faces a gap of \$31 million between what services for students cost, and the funding that is provided. This year we asked parents to help us solve this problem. More than 4,000 parents helped set the framework for fees going forward following a comprehensive community engagement process. This process is continuing as we seek to further engage parents to refine our framework.

Board and System Administration Costs

The province limits our Board and System Administration costs to four per cent of our total operating budget, but we expect to spend well below that next year, so that more funding will flow to students in our classrooms. Of our total operating budget next year, we expect only 3.4 per cent will be spent on administration for our entire system. Board and System Administration includes administrative functions and central services that support students at the district or system level.

The CBE's Board and System Administration cost was only 3.7 per cent in 2011-12 and is forecast to be 3.4 per cent for next year, placing the CBE among the most efficient districts in Alberta.

Three-Year Financial Plan

Schools districts used to get their budgets from the provincial government one year at a time. This process made it impossible to connect long-term strategies and three-year education plans to funding. In February 2012, the Alberta government changed the process. For the first time, schools districts were given revenue formulas for three years, fulfilling a commitment to provide predictable funding.

The three-year funding enables school districts to plan further in advance than was ever possible before. The Three-Year Financial Plan chart shows the financial plan for the Calgary Board of Education for the next three years. The comparative information is provided for 2010-11 and 2011-12.

The way the Calgary Board of Education uses funding can be presented in two ways and both are shown. The first breakdown shows expenses by “block.” Blocks are categories of expenses required by Alberta Education. The second breakdown, also required by Alberta Education, shows expenses by commonly used accounting categories called “objects.” Whether viewed by block or by object, the expense total is the same.

The table shows that total revenue for 2012-13 is \$16.08 million less than expenses for the same year. The difference represents the CBE’s plan to use \$16.08 million of reserves in 2012-13. This use of reserves eliminates the gap between projected revenue and forecast expenses. More detail is provided on page 17.

Three-Year Financial Plan*

for the periods 2012-13 to 2014-15
(with comparatives for 2010-11 and 2011-12)
(all figures in \$ thousands)

	Actuals	Budget		Projection	
	2010-11	2011-12	2012-13	2013-14	2014-15
Revenue					
Government of Alberta	935,489	1,012,448	1,039,523	1,075,800	1,120,854
Federal Government and/or First Nations	3,669	3,139	3,199	3,199	3,199
Other Alberta school authorities	834	511	510	510	510
Out of province authorities	338	-	-	-	-
Alberta Municipalities - special tax levies	-	-	-	-	-
Fees	13,555	31,521	30,856	30,967	31,679
Other sales and services	40,025	19,484	20,295	24,005	24,908
Investment income	5,307	3,199	3,198	3,262	3,327
Gifts and donations	7,365	9,901	10,036	10,036	10,036
Fundraising	11,446	8,312	8,411	8,411	8,411
Rental of facilities	7,710	9,599	7,236	7,527	7,828
Gain on disposal of capital assets	49	-	-	-	-
Amortization of capital allocations	23,751	24,345	29,606	29,223	28,941
Other revenue	-	-	-	-	-
Total Revenue	<u>1,049,538</u>	<u>1,122,459</u>	<u>1,152,870</u>	<u>1,192,940</u>	<u>1,239,693</u>
Expense by Block					
ECS - Grade 12 Instruction	822,573	903,905	921,268	950,351	981,938
Operations & Maintenance	139,967	134,615	141,608	143,626	149,685
Transportation	36,931	36,898	39,012	39,286	40,190
Board & System Administration	40,097	42,608	39,918	40,831	42,184
External Services	15,430	23,588	27,144	27,143	27,143
Total Expense	<u>1,054,998</u>	<u>1,141,614</u>	<u>1,168,950</u>	<u>1,201,237</u>	<u>1,241,140</u>
Expense by Object					
Certificated salaries	588,592	660,062	681,504	702,187	730,444
Support staff salaries	217,173	223,041	235,032	243,342	251,924
Services, contracts	204,002	212,909	197,820	202,412	206,610
Amortization expense	41,889	42,455	52,101	51,072	50,170
Interest on capital debt expense	1,874	1,464	1,116	820	560
Other interest charges	1,468	1,683	1,377	1,404	1,432
Loss on disposal of capital assets	-	-	-	-	-
Other expense	-	-	-	-	-
Operating expense	-	-	-	-	-
Total Expense	<u>1,054,998</u>	<u>1,141,614</u>	<u>1,168,950</u>	<u>1,201,237</u>	<u>1,241,140</u>

* In accordance with Operational Expectation OE-5: Financial Planning

Budget Assumptions

Administration reported budget assumptions to the Board of Trustees on Mar. 20, 2012. The budget assumptions report included two types of information:

- 1 | financial and economic uncertainties expected to affect the budget. For the operating budget, these include factors like inflation and compensation increases; and
- 2 | strategies to deliver balanced budgets with the greatest possible benefit for student success.

The intention of the report was to provide the Board of Trustees with insight into how Administration planned to support the Three-Year Education Plan with 2012-13 budget decisions.

Operating Budget Assumptions² Related to Uncertainties

Compensation changes	All anticipated changes in employee compensation have been included based on current information. Anticipated changes include: compensation increases, step increases, performance increases and benefits.
Enrolment	Enrolment projections have been based on the Sept. 30, 2011 actual enrolment of 104,182 and reflect the City of Calgary population changes, market share, and student retention rates (cohort-survival model). Forecasted enrolment figures are: <ul style="list-style-type: none">▪ 2012-13 105,654▪ 2013-14 107,781▪ 2014-15 110,271
Inflation Rate	The inflation rates were estimated based on the 20-year trend, which averages two per cent per year in Calgary.
Contractual Obligations	All known changes in contractual obligations have been included based on current information.

² A Glossary of Terms is provided on Page 21

Legislative and
Regulatory Framework

Any new legislation may affect the budget in areas such as full-day kindergarten, increased age of funded students, and residency requirements. The financial impact of any potential legislative changes cannot be determined at this time.

Operating Budget Assumptions³ Related to Strategies

The CBE will **continue to allocate resources**—both to schools and for associated central supports—by way of the following strategies:

- full-day Kindergarten programs in 18 identified schools at an approximate cost of \$2 million without provincial funding;
- First Nations, Métis, and Inuit (FNMI) programs primarily handled through centralized services at an approximate cost of \$3 million;
- English as a Second Language (ESL) and English-Language Learner (ELL) programs and supports at an approximate cost of \$23 million;
- specialized programs, unique settings and classroom supports at an approximate cost of \$115 million;
- small-class supports in Kindergarten to Grade 3 and high school Career and Technology Strategy (CTS) at an approximate cost of \$42 million;
- AISI project supports at an approximate cost of \$7 million;
- equity supports in identified schools at an approximate cost of \$3 million; and
- infrastructure maintenance renewal (IMR) projects at an approximate cost of \$18 million

We expect Grade 4 to 12 class sizes to remain below the guideline. Kindergarten to Grade 3—where class-size funding continues—should remain below 20 to 1 on average.

In addition to the allocation strategies which continue, Administration applied the following strategies to re-allocate resources. The goal is to dedicate the maximum possible resources to optimize learning for students in classrooms.

³ A Glossary of Terms is provided on Page 21



Anticipated savings

2012-13 2013-14 2014-15
(all figures in \$ millions)

Service Units –Operational Excellence Initiative

Service units have identified initiatives to achieve efficiencies while maintaining services and quality. For example:

1. finding ways to improve productivity without making additional demands on existing resources – this means working smarter;
2. accepting the challenge of determining work we can stop because it does not add sufficient value at this time;
3. improving processes that maximize revenue;
4. integrating functions to increase the impact and efficiency with a focus on system-wide priorities; and,
5. saving money for the system by better leveraging strategic procurement and sourcing.

A number of these initiatives require several years to fully reap the anticipated savings – especially where benefits are achieved by introducing systems to replace manual processes.

Delaying capital investments and elimination of lease payments

- a) Application of amortization
To eliminate the structural deficit and balance the budget, we free up funds by
- temporarily delaying the spending on non-urgent board-funded capital, such as equipment and technology-- which are funded through the application of amortization expense; and
 - Utilizing capital reserves for eligible capital expenditures that have typically been funded by the amortization reserve in the past.

To achieve the annual anticipated savings shown will require a draw on Capital Reserves of \$5.6 million in 2013-14.

By definition, board-funded capital excludes school facilities.

- b) Capital lease payments
The sale of the former Education Centre, which is assumed to happen during the 2011-12 fiscal year, will enable us to eliminate required lease payments in 2011-12 going forward.

The benefit of this strategy is expected to occur in fiscal 2011-12. This increases available reserves that can be applied in 2012-13, and the impact is reflected in the Use of Reserves Strategy.

	2012-13	2013-14	2014-15
Service Units –Operational Excellence Initiative	9.0	16.0	20.0
Delaying capital investments and elimination of lease payments			
a) Application of amortization	6.0	11.0	4.0
b) Capital lease payments	0.0	0.0	0.0

Anticipated savings

2012-13 2013-14 2014-15
(all figures in \$ millions)

Expiration of one-time AISI funding

Alberta Education provided the CBE with \$4.2 million of one-time funding for AISI projects in October 2011. All of the one-time funding was directed to schools for staffing – positions were temporary by definition. The provincial budget confirmed this specific funding expires on Aug. 31, 2012. Consequently and as planned from the outset, the related positions will be eliminated for 2012-13.

4.2	4.2	4.2
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School fees

More than 4,000 stakeholders participated in a comprehensive community engagement process to help the CBE develop a framework for fees going forward. This process is continuing as we seek to further engage parents to refine the framework.

0.0	0.0	0.0
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Use of reserves

a) School reserves

Despite best efforts, we anticipate that schools will have unused and unencumbered reserves (also known as “carry forwards”) at 2011-12 fiscal year end. This partly reflects an inability to recruit and place staff on short notice when new funds were made available by Alberta Education in October 2011.

6.0	0.0	0.0
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b) Unrestricted Reserves

We also anticipate that our use of unrestricted reserves in the current fiscal year will be lower than budget, as a result of gapping tied to unfilled positions (outside of schools) and the elimination of capital lease payments. We have applied this projection to balance the 2012-13 budget.

6.0	1.0	1.0
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31.2	32.2	29.2
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Understanding Revenue

Alberta Education Grant Funding

Alberta Education funding represents more than 90 per cent of CBE revenue. This year the funding methodology changed significantly. This section explains those changes and the overall funding grants expected for the next three school and fiscal years.

The announced rate increases are:

Fiscal year	Base instruction and class size grants	Other grant areas
2012-13	1%	2%
2013-14	2%	2%
2014-15	2%	2%

Exceptions to these increases are:

1. severe disabilities profile, and Early Childhood Services (ECS) mild/moderate/gifted/talented was eliminated and are now part of the Inclusive Education grant; and
2. the Infrastructure Maintenance and Renewal (IMR) and the SuperNet which remain constant.

The new Inclusive Education Grant is comprised of two components:

- seventy-five per cent is for supports and services (e.g., Instructional Support, Learning Coaches, Speech and Language, etc.) and is based on a common formula tied to total enrolment. This approach assumes a standard level of support and services across all students.
- twenty-five per cent is for supporting diversity factors and is based on Stats Canada and Alberta Government data on demographics for 10 identified factors (e.g., average income, mother's average year of education, refugee, etc.). Funding is only provided where a district's data is below/above provincial averages.

A comprehensive review of our Resource Allocation Method (RAM) is planned for fall 2012. Although the current RAM model already addresses a broad array of diversity factors this review of the model is considered appropriate.

The new "equity of opportunity" grant has three components:

1. per-student funding to provide equitable access to education programs for all students;
2. distance funding that recognizes the costs of providing services for students who are located far distances from major service centres; and
3. low-student-density funding that recognizes the costs of providing services for students who live in remote, rural communities with small populations.

The last two components of the equity of opportunity grant do not apply to the CBE.

The CBE is concerned that IMR funding has been frozen, given the CBE's increasing deferred maintenance needs. At current funding levels for IMR, the CBE is unable to manage the annual growth in maintenance in schools.

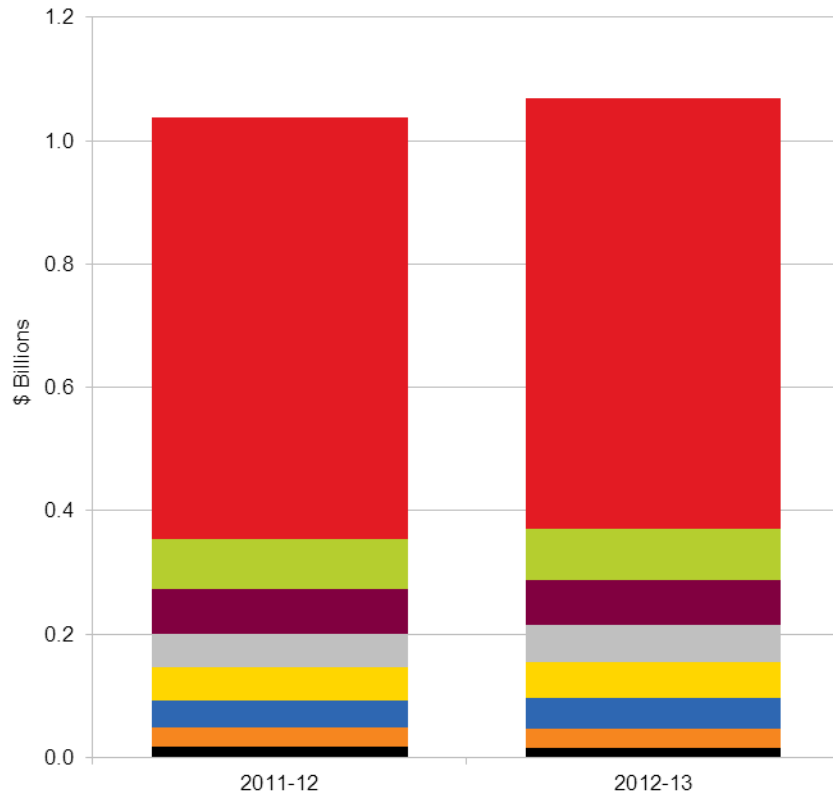
The following chart is an analysis of the Alberta Education funding and its changes for the next three years.

Government of Alberta Grant Funding Changes

(all figures in \$ millions)

Description	Actual Changes	Projected changes	
	2012-13	2013-14	2014-15
Changes due to:			
Enrolments	12	14	21
Grant Increases	15	18	18
	<u>27</u>	<u>32</u>	<u>39</u>
Changes in grant programs:			
Elimination of CPA inflation protection	(6)		
Loss of one time fund (CBE share - \$107M)	(19)		
New equity opportunity	16		
Loss of severe disabilities profiles	(52)		
Loss of Early Childhood Schooling – mild & moderate	(3)		
New inclusive education funding	60		
	<u>(4)</u>	<u>-</u>	<u>-</u>
Total net grant changes	<u>23</u>	<u>-</u>	<u>-</u>
Capital support			
Infrastructure Maintenance			
Renewal	0		
Amortization – school buildings portion	5		
	<u>5</u>	<u>-</u>	<u>-</u>
Alberta Teachers Retirement Fund – flow-through	4	5	6
Total increase	<u>32</u>	<u>37</u>	<u>45</u>

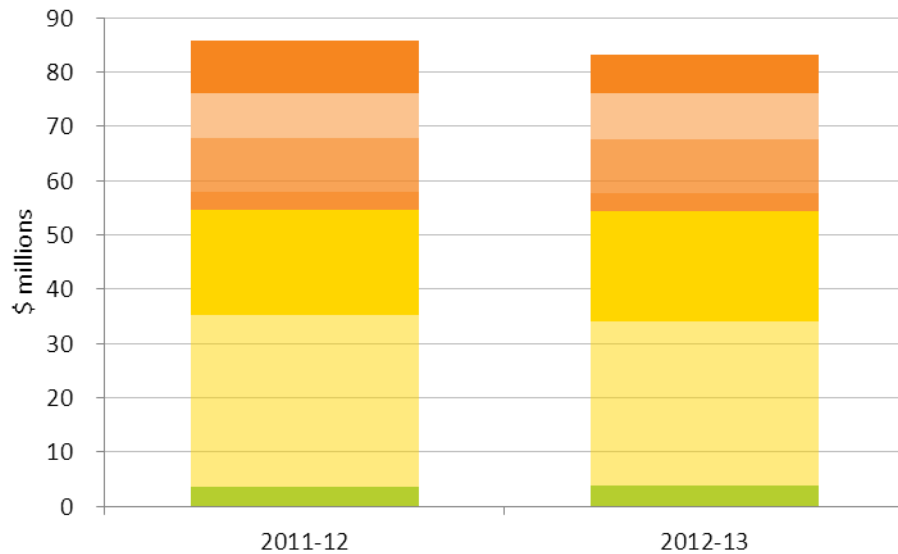
Provincial Grant Revenues



	Budget		Variance	
	2011-12	2012-13	\$	%
Base funding	683,381	697,743	14,362	2.1
Operations & maintenance	81,342	84,020	2,678	3.3
Other differential funding	72,945	73,029	84	0.1
Inclusive education funding	54,073	59,803	5,730	10.6
Alberta Teacher Retirement Fund	53,725	58,560	4,835	9.0
IMR & capital support	44,057	49,050	4,993	11.3
Student transportation	29,663	32,734	3,071	10.4
Provincial priority targeted funding	17,606	14,190	(3,416)	(19.4)
	1,036,792	1,069,129	32,337	3.1

Other Revenue

Other revenues include school-generated funds and elective fees, discretionary program collections, investment income and rental and leasing revenues.



	Budget		Variance	
	2011-12	2012-13	\$	%
Other government funding	3,651	3,709	58	1.6
Fees	31,521	30,856	(665)	(2.1)
Other sales and services	19,484	20,295	811	4.2
Investment income	3,199	3,198	(1)	(0.0)
Gifts and donations	9,901	10,036	135	1.4
Fundraising	8,312	8,411	99	1.2
Rental of facilities	9,599	7,236	(2,363)	(24.6)
	85,667	83,741	(1,926)	(2.2)

(all figures in \$ thousands)

Understanding Expenses

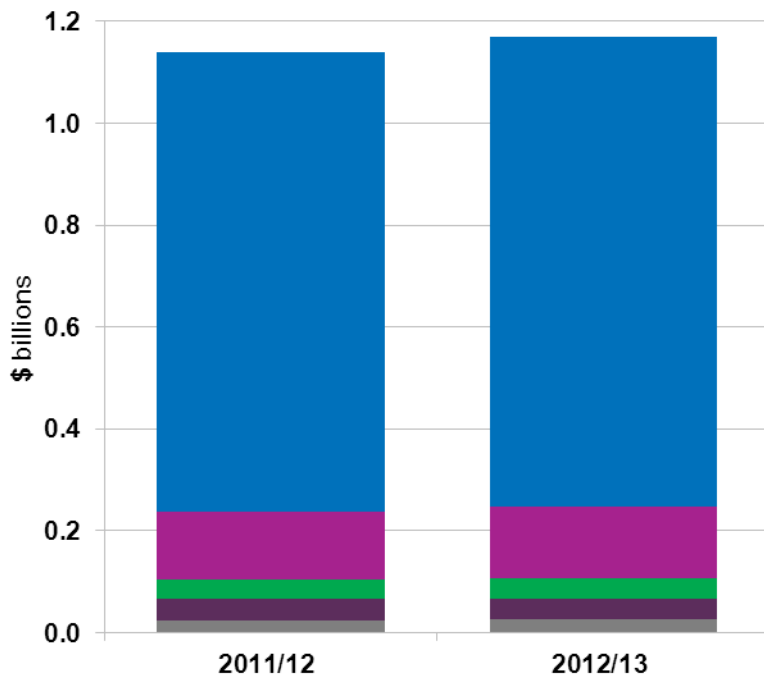
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In building the 2012-13 operating budget, the primary focus was to dedicate the maximum possible resources to optimize learning for students in classrooms.

As a result, the “instructional block” increased by about two per cent. The two per cent increase in the instructional block reflects grant-rate increases as well as the estimated impact of increased enrolment.

The increase in operations and maintenance is mainly related to the four new schools.

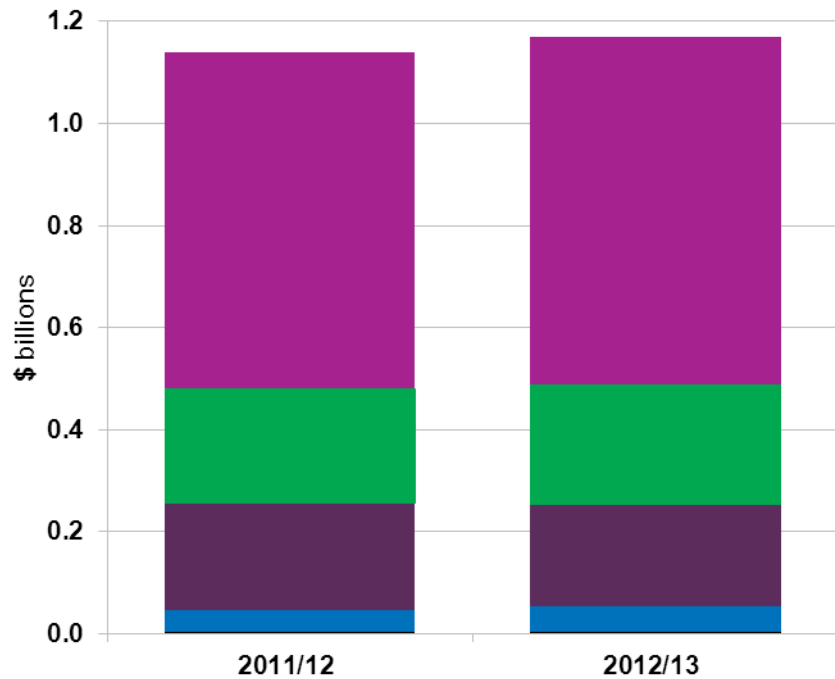
Expenses by Block



	Budget		Variance	
	2011/12	2012/13	(\$000)	%
Instruction: ECS - grade 12	903,905	921,268	17,363	1.9
Operation & maintenance	134,615	141,608	6,993	5.2
Transportation	36,898	39,012	2,114	5.7
Board & System Administration	42,608	39,918	(2,690)	(6.3)
External services	23,588	27,144	3,556	15.1
	1,141,614	1,168,950	27,336	2.4

(all figures in \$ thousands)

Expenses by Object



Salaries and benefits constitute about 78 per cent of the CBE's operating budget. The increase in salaries and benefits relates to school deployment decisions, and compensation assumptions.

The decrease in services and contracts relates generally to changes in service delivery methods and differences in year over year presentation.

	Budget		Variance	
	2011/12	2012/13	(\$000)	%
	(all figures in \$ thousands)			
Certificated salaries & benefits	660,062	681,504	21,442	3.2
Non-certificated salaries & benefits	223,041	235,032	11,991	5.4
Services, contracts	212,909	197,820	(15,089)	(7.1)
Amortization expense	42,455	52,101	9,646	22.7
Interest on capital debt expense	1,464	1,116	(348)	(23.7)
Other interest charges	1,683	1,377	(306)	(18.2)
	1,141,614	1,168,950	27,336	2.4

Reserves

The CBE is required to balance its budget every year. When we experience an operational shortfall, we can cover the shortfall by cutting spending, or by using our savings which we call reserves.

The chart below demonstrates all changes in reserves balances year over year.

Unrestricted Net Assets and Operating Reserves

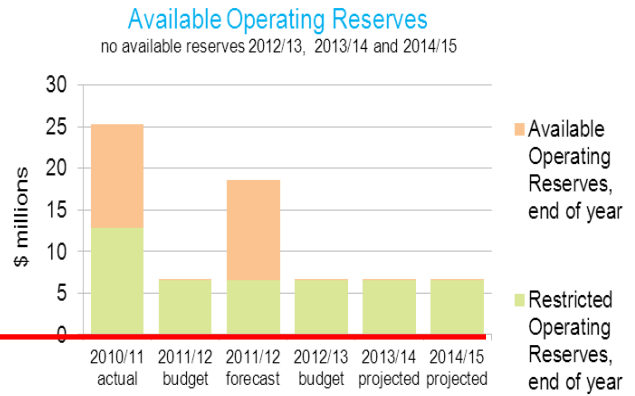
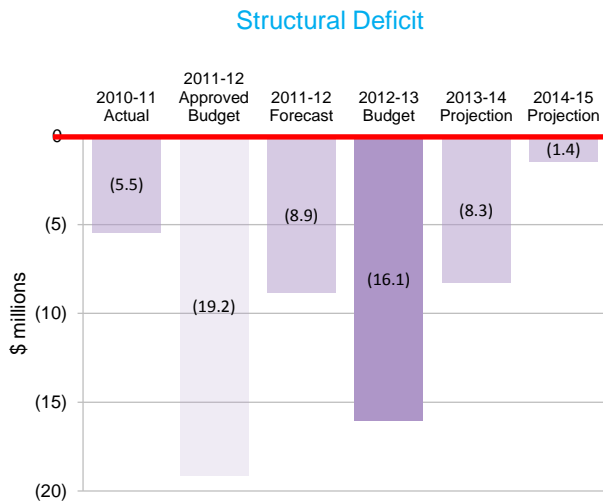
(all figures in \$ thousands)

	Actual 2010/11	Budget 2011/12	Forecast 2011/12	Budget 2012/13	Forecast 2013/14	Forecast 2014/15
Opening Balance	34,009	25,282	25,282	18,640	6,455	6,455
Changes in period						
Net revenue (expense) for the period	(5,460)	(19,155)	(723)	(16,080)	(8,297)	(1,447)
Board funded capital assets	(14,929)	(25,895)	(27,390)	(18,600)	(19,158)	(19,664)
Amortization of board funded assets	18,138	18,110	18,110	22,495	21,855	21,111
Other transfers	(6,476)	8,317	3,361		5,600	
Net increase (decrease)	(8,727)	(18,623)	(6,642)	(12,185)	-	-
Closing Balance	25,282	6,659	18,640	6,455	6,455	6,455

While we indicate a closing balance of more than \$6 million over the next three years, these reserves are not available for general use. These funds are set aside for specific purposes including adult learning (Chinook Learning Services), unrealized investment gains and professional improvement fellowships.

Structural Deficit and Available Operating Reserves

When we use reserves to balance our budget, we create what is called a “structural deficit,” because we fund ongoing expenses with “one-time” funding. We started the current year with a budgeted \$19.15 million structural deficit. Going into the next school year, we will be using more than \$12 million in reserves to balance the budget. The CBE has strategies in place to reduce the structural deficit to zero over the next three years. Once we no longer need to use reserves, we eliminate structural deficits.



We entered the current school year with approximately \$25 million in reserves. However, with a forecasted \$61.7 million shortfall, we budgeted the full use of our reserves to help cover the difference, as directed by the Ministry of Education. Some of our budget strategies for 2012-13 will impact our use of reserves in the current year and has delayed their depletion to 2012-13. This will leave us with no available reserves going forward.

Staff complement

More than 12,000 people work for the CBE, or the equivalent of 9,014 full-time equivalents (FTEs). In 2012-13, as four new middle schools open and our enrolment grows, we expect to hire an additional 163 FTEs, bringing the total number of full-time positions to 9,177.

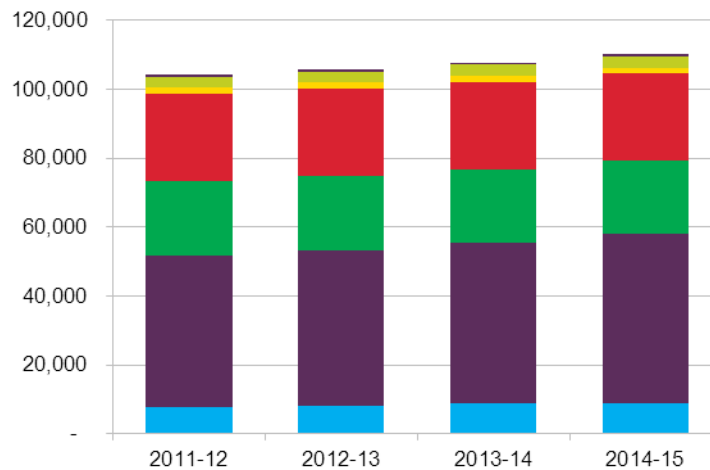
Each one of our employees plays an important role in providing learning as unique as every student. While teachers, principals and school-based employees work with students to unlock their passions and potential, they are supported by knowledgeable employees who work in a variety of other departments such as learning services, information technology and human resources.



Student enrolment

Enrolment projections are based on the Sept. 30, 2011 actual enrolment of 104,182 students, and reflect the City of Calgary population changes, market share, and student retention rates. It is expected that student enrolment will continue to increase between 1.4% and 2.0% annually.

Student Enrolment by year



Student Enrolment by years and program

	2011-12	2012-13		2013-14		2014-15	
	Actual	Projection	Change from prior year	Projection	Change from prior year	Projection	Change from prior year
Pre-Kindergarten & Kindergarten	7,769	8,217	448	8,706	489	8,895	189
Elementary (Gr. 1-6)	44,014	45,002	988	46,866	1,864	49,061	2,195
Junior High (Gr. 7-9)	21,505	21,464	(41)	21,221	(243)	21,383	162
Senior High (Gr. 10-12)	25,547	25,541	(6)	25,408	(133)	25,192	(216)
Unique Schools & Programs	1,797	1,780	(17)	1,780	-	1,780	-
Chinook Learning Services	2,935	3,000	65	3,150	150	3,310	160
Cbe-Learn	615	650	35	650	-	650	-
Totals	104,182	105,654	1,472	107,781	2,127	110,271	2,490

BUDGET REPORT

FOR THE YEAR ENDING AUGUST 31, 2013

[School Act, Sections 147(2)(b) and 276]

Calgary Board of Education

Legal Name of School Jurisdiction

Tel: (403) 817-4000 Fax: (403) 294-8254

Telephone and Fax Numbers

BOARD CHAIR	
Patricia Cochrane Name	Signature
SUPERINTENDENT	
Naomi Johnson Name	Signature
SECRETARY TREASURER	
Deborah Meyers Name	Signature
Certified An accurate summary of the year's budget approved by the Board of Trustees at its meeting held <u>May 29, 2012</u> . Date	

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Color coded cells:

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| blue cells: require the input of data/descriptors wherever applicable. | Grey cells: data not applicable - protected |
| salmon cells: contain referenced juris. information - protected | white cells: within text boxes REQUIRE the input of points and data. |

HIGHLIGHTS, PLANS, ASSUMPTIONS AND RISKS SUMMARY- 2012/2013 BUDGET REPORT

The following were presented to the Board and approved as underlying the budget. These key points and assumptions used in development of the budget take into consideration the economic environment of the jurisdiction, focus on anticipated changes from current year, and are realistic and consistent with the three year Education Plan. At a minimum, they disclose key budget assumptions, financial & business risks, and specific strategies explaining how this budget will support the jurisdiction's plans.

Budget Highlights, Plans & Assumptions:

Our goal in building the 2012-13 budget was to dedicate the maximum possible resources to optimize learning for students in classrooms. Every expense is measured against the goals of our Three-Year Education Plan to ensure that everything we do contributes as much as possible to student success.

- An operating deficit of \$16 M is a result of planned revenues of \$1,153 M less expenses of \$1,169 M. This operating deficit will be funded using all available reserves.
- 79% of expenses are for Instruction at \$921 M.
- Based on planned staffing levels, an additional 163 positions will be hired for the next school year.
- The organisation projects an increase in enrolment to 105,654 students which is an increase of 1,472, or 1.4% over the 2011-12 year.
- Board Governance and Administration is budgeted to be 3.4 per cent of total expenses.

The CBE will **continue to allocate resources**—both to schools and for associated central supports—by way of the following strategies:

- full-day Kindergarten programs in 18 identified schools at an approximate cost of \$2M without provincial funding;
- First Nations, Métis, and Inuit (FNMI) programs primarily handled through centralized services at an approximate cost of \$3 M;
- English as a Second Language (ESL) and English-Language Learner (ELL) programs and supports at an approximate cost of \$23 M;
- specialized programs, unique settings and classroom supports at an approximate cost of \$115 M;
- small-class supports in Kindergarten to Grade 3 and high school Career and Technology Strategy (CTS) at an approximate cost of \$42 M;
- AISI project supports at an approximate cost of \$7 M;
- equity supports in identified schools at an approximate cost of \$3 M; and
- infrastructure maintenance renewal (IMR) projects at an approximate cost of \$18 M
- We expect Grade 4 to 12 class sizes to remain below the guideline. Kindergarten to Grade 3—where class-size funding continues—should remain below 20 to 1 on average.

Significant Business and Financial Risks:

- Compensation changes, including compensation increases, step increases, performance increases and benefits, have been planned based on current information. Negotiated salary and wage settlements may differ from the current information.
- Enrolment projections have been based on the Sept. 30, 2011 actual enrolment and will be different from actual Sept. 30, 2012.
- The inflation rates were estimated based on the 20-year trend, which averages two per cent per year in Calgary.
- All known changes in contractual obligations have been included based on current information.
- The financial impact of any potential legislative changes cannot be determined at this time.

BUDGETED STATEMENT OF OPERATIONS
for the Year Ending August 31

	Approved Budget 2012/2013	Final Approved Budget 2011/2012	Actual 2010/2011
REVENUES			
Government of Alberta	\$1,039,523,380	\$1,012,447,693	\$935,488,724
Federal Government and/or First Nations	\$3,198,579	\$3,139,106	\$3,668,800
Other Alberta school authorities	\$509,850	\$511,450	\$833,727
Out of province authorities	\$0	\$0	\$338,256
Alberta Municipalities-special tax levies	\$0	\$0	\$0
Fees	\$30,855,920	\$31,520,783	\$13,555,335
Other sales and services	\$20,295,454	\$19,483,586	\$40,025,079
Investment income	\$3,198,197	\$3,199,113	\$5,306,740
Gifts and donations	\$10,035,797	\$9,901,018	\$7,364,678
Fundraising	\$8,411,026	\$8,312,076	\$11,446,061
Rental of facilities	\$7,236,414	\$9,599,396	\$7,710,226
Gain on disposal of capital assets	\$0	\$0	\$49,283
Amortization of capital allocations	\$29,605,490	\$24,345,127	\$23,751,314
Other revenue	\$0	\$0	\$0
TOTAL REVENUES	\$1,152,870,107	\$1,122,459,348	\$1,049,538,223
EXPENSES			
ECS - Grade 12 Instruction	\$921,268,009	\$903,905,587	\$822,573,231
Operations & Maintenance of Schools and Maintenance Shops	\$141,608,215	\$134,615,150	\$139,966,741
Transportation	\$39,011,849	\$36,898,044	\$36,930,965
Board & System Administration	\$39,918,236	\$42,608,465	\$40,097,486
External Services	\$27,143,472	\$23,587,462	\$15,430,121
TOTAL EXPENSES	\$1,168,949,781	\$1,141,614,708	\$1,054,998,544
ANNUAL SURPLUS (DEFICIT)	(\$16,079,674)	(\$19,155,360)	(\$5,460,321)

BUDGETED ALLOCATION OF EXPENSES (BY OBJECT)
for the Year Ending August 31

	Approved Budget 2012/2013	Final Approved Budget 2011/2012	Actual 2010/2011
EXPENSES			
Certificated salaries	\$561,119,704	\$550,901,893	\$533,282,337
Certificated benefits	\$120,384,600	\$109,160,095	\$55,309,917
Non-certificated salaries and wages	\$189,075,276	\$181,408,415	\$178,276,506
Non-certificated benefits	\$45,957,067	\$41,632,347	\$38,895,933
Services, contracts, and supplies	\$197,819,377	\$212,909,788	\$204,001,783
Capital and debt services			
Amortization of capital assets			
supported	\$29,605,490	\$24,345,127	\$23,751,314
unsupported	\$22,495,281	\$18,109,892	\$18,138,004
Interest on capital debt			
supported	\$1,116,395	\$1,464,046	\$1,874,600
unsupported	\$0	\$0	\$0
Other interest charges	\$1,376,591	\$1,683,105	\$1,468,151
Loss on disposal of capital assets	\$0	\$0	\$0
Other expense	\$0	\$0	\$0
TOTAL EXPENSES	\$1,168,949,781	\$1,141,614,708	\$1,054,998,544

PROJECTED STATEMENT OF CHANGES IN NET ASSETS (SUMMARY)
for the Year Ending August 31

	(1)	(2)	(3)	(4)	(5)	(6)
	TOTAL NET ASSETS (2+3+6)	INVESTMENT IN CAPITAL ASSETS	ACCUMULATED OPERATING SURPLUS (4+5)	UNRESTRICTED NET ASSETS	INTERNALLY RESTRICTED NET ASSETS	
					OPERATING RESERVES	CAPITAL RESERVES
Actual balances per AFS at August 31, 2011	\$149,894,532	\$98,646,553	\$25,281,534	\$2,184,011	\$23,097,523	\$25,966,445
2011/2012 Estimated impact to net assets for:						
Estimated surplus(deficit)	(\$723,246)			(\$723,246)		
Estimated Board funded capital asset additions		\$25,595,000		(\$25,595,000)	\$0	\$0
Estimated Amortization of capital assets (expense)		(\$42,455,016)		\$42,455,016		
Estimated Amortization of capital allocations (revenue)		\$24,345,127		(\$24,345,127)		
Estimated Unsupported debt principal repayment		\$1,794,853		(\$1,794,853)		
Estimated reserve transfers (net)				\$3,361,737	\$0	(\$3,361,737)
Estimated Assumptions/Transfers of Operations	\$0	\$0	\$0	\$6,641,473	(\$6,641,473)	\$0
Estimated Balances for August 31, 2012	\$149,171,286	\$107,926,517	\$18,640,061	\$2,184,011	\$16,456,050	\$22,604,708
2012/2013 Budget Projections for:						
Budgeted surplus(deficit)	(\$16,079,674)			(\$16,079,674)		
Projected Board funded capital asset additions		\$16,000,194		(\$16,000,194)	\$0	\$0
Budgeted Amortization of capital assets (expense)		(\$52,100,771)		\$52,100,771		
Budgeted Amortization of capital allocations (revenue)		\$29,605,490		(\$29,605,490)		
Budgeted Unsupported debt principal repayment		\$2,600,353		(\$2,600,353)		
Projected reserve transfers (net)				\$0	\$0	\$0
Projected Assumptions/Transfers of Operations	\$0	\$0	\$0	\$10,000,929	(\$10,000,929)	\$0
Projected Balances for August 31, 2013	\$133,091,612	\$104,031,783	\$6,455,121	\$0	\$6,455,121	\$22,604,708

ANTICIPATED CHANGES IN NET ASSETS SUMMARY- 2012/2013 BUDGET REPORT

The following explains the anticipated changes to Unrestricted Net Assets, Investment in Capital Assets, Operating Reserves and Capital Reserves for 2011/2012 and 2012/2013 and breaks down the planned additions to unsupported capital.

There are no anticipated changes in Unrestricted Net Assets for 2011-12. The planned change in 2012-13 is a use of \$2 M to fund the projected deficit.

Operating reserves are reduced by \$6.6 M and \$10.0 M respectively for 2011-12 and 2012-13 to fund the projected deficits.

Capital Reserves decrease in 2011/12 due to the use of \$11.5 M for capital spending that was carried forward from the prior year. The decrease was offset by \$8.1 M of proceeds received from the sale of assets.

Additions to unsupported capital are:

Planned Additions 2011-12

Building	3,922,828
Vehicles	222,337
Equipment	<u>23,244,688</u>
	<u>\$ 27,389,853</u>

Planned Additions 2012-13

Building	2,297,753
Vehicles	1,026,000
Equipment	<u>15,276,794</u>
	<u>\$ 18,600,547</u>

**PROJECTED STUDENT STATISTICS
FULL TIME EQUIVALENT (FTE) ENROLLED STUDENTS**

	Budgeted 2012/2013 (Note 2)	Actual 2011/2012	Actual 2010/2011	Notes
GRADES 1 TO 12				
Eligible Funded Students:				
Grades 1 to 9	66,549	65,722	64,600	Head count
Grades 10 to 12	29,062	28,701	28,551	Note 3
Total	95,611	94,423	93,151	Grades 1-12 students eligible for base instruction funding from Alberta Education.
Other Students:				
Total	1,637	1,850	1,749	Note 4
Total Net Enrolled Students	97,248	96,273	94,900	
Home Ed and Blended Program Students	189	140	57	Note 5
Total Enrolled Students, Grades 1-12	97,437	96,413	94,957	
Of the Eligible Funded Students:				
Severely Disabled Students served	4,293	4,293	3,551	Total eligible funded severely disabled student FTEs; including Code 40s (excluding Code 47s).
EARLY CHILDHOOD SERVICES (ECS)				
Eligible Funded Children	8,217	7,718	7,457	ECS children eligible for ECS base instruction funding from Alberta Education.
Other children	-	51	47	ECS children not eligible for ECS base instruction funding from Alberta Education.
Total Enrolled Children - ECS	8,217	7,769	7,504	
Program Hours	475	475	475	Minimum: 475 Hours
FTE Ratio	0.500	0.500	0.500	Actual hours divided by 950
FTE's Enrolled, ECS	4,109	3,885	3,752	
Of the Eligible Funded Children:				
Severely Disabled Children served	325	288	301	Total eligible funded severely disabled children FTEs, including Code 40 children in program units.
NOTES:				
1) Enrolment is to be completed WHEREVER APPLICABLE and are 'as at September 30th' for each year.				
2) Budgeted enrolment is to be based on best information available at time of the 2012/2013 budget report preparation.				
3) The # of FTE grade 10-12 students is determined by taking the total # of students' credits / 35; where 35 CEU's = 1 FTE.				
4) Other Grade 1-12 students that are not eligible for base instruction funding from Alberta Education include First Nations students living on reserves for which tuition fee payments are made from Band or INAC (Code 330), students younger than 5 1/2 or older than 19, and out-of-province and foreign students.				
5) Because they are funded separately, Home Education students are not included with total net enrolled students. In the blended program, funding per student is pro-rated on the percentage of the student's program which is taken at school and at home; home education students are assigned a weighting of 0.25 FTE for base funding.				

**PROJECTED STAFFING STATISTICS
FULL TIME EQUIVALENT (FTE) PERSONNEL**

	Budgeted 2012/2013	Actual 2011/2012	Actual 2010/2011	Notes
<u>CERTIFICATED STAFF</u>				
School Based	5,728.5	5,649.7	5,729.9	Teacher certification required for performing functions at the school level.
Non-School Based	126.1	127.1	165.8	Teacher certification required for performing functions at the system/central office level.
Total Certificated Staff FTE	5,854.6	5,776.8	5,895.7	FTE for personnel possessing a valid Alberta teaching certificate or equivalency.
Certificated Staffing Change due to:				
Enrolment Change	59.4	43.2	10.4	If negative change impact, the small class size initiative is to include any/all teachers retained.
Other Factors	18.4	(162.1)	(199.4)	Descriptor (required): Principals' decision deployment
Total Change	77.8	(118.9)	(189.0)	Year-over-year change in Certificated FTE
Breakdown, where total change is Negative:				
Continuous contracts terminated	-	-	-	FTEs
Non-permanent contracts not being renewed	-	-	-	FTEs
Other (retirement, attrition, etc.)	-	-	-	Descriptor (required):
Total Negative Change in Certificated FTEs	-	-	-	Breakdown required where year-over-year total change in Certificated FTE is 'negative' only.
<u>NON-CERTIFICATED STAFF</u>				
Instructional	1,941.2	1,853.2	1,932.5	Personnel providing instruction support for schools under 'Instruction' program areas.
Non-Instructional	1,328.2	1,331.5	1,239.7	Personnel in Transportation, Board & System Admin., O&M and External service areas.
Total Non-Certificated Staff FTE	3,269.4	3,184.7	3,172.2	FTE for personnel not possessing a valid Alberta teaching certificate or equivalency.
Non-Certificated Staffing Change due to:				
Enrolment Change	-	-	2.0	FTEs
Other Factors	84.7	12.5	(83.2)	Descriptor (required): Principals' decision deployment, change in service units' operations
Total Change	84.7	12.5	(81.2)	Year-over-year change in Non-Certificated FTE