

VI. Reserve Assumptions

The Minister of Education has final authority on the deployment of reserves and therefore these assumptions are subject to ultimate approval by both the Minister.

- The budget will be based on the assumption that the CBE will end the 2020-21 school year with operating reserves of approximately \$41.0 million and \$24.3 million in capital reserves²;
- The CBE believes that operating reserves of up to 3 per cent of the prior year's total expenditures exclusive of the external block provide sufficient fiscal capability to address the majority of the most likely operating risks;
- Use of operating and capital reserves requires the prior approval of the Board of Trustees and, ultimately, the Minister of Education;
- With an eye towards longer-term sustainability, the CBE does not intend to use CBE operating and capital reserves to balance operations, except to pay for continuing COVID costs that may be incurred subject to the revenue assumption that these will not be funded by senior levels of government; and
- Given the anticipated continuation of new school construction, the CBE will retain operational reserves to fully support the commissioning of approved new schools. Based on historical activity, the CBE spends approximately \$1.5 - \$2 million to commission an elementary school, \$2 - \$3 million for a middle school and \$6.5 - \$7.5 million for a high school.

VII. Capital Assumptions

The CBE appreciates that the provincial government is funding increased enrolment and is building the school facilities necessary to accommodate this growth. While good news for students, families and communities, each new school announcement requires the CBE to find additional funds beyond those provided by the province for furniture, fixtures and equipment. These commissioning costs include preparing the learning environment with learning resources, specialty equipment and technology. Other costs are related to the staff time (principals, assistant principals, learning leaders, administrative assistants, etc.) required to engage with the new school communities and make pre-opening curricular decisions.

Based on this experience, the upcoming five new schools will require additional resources in the upcoming years. A request has been made to the Minister of Education to use \$308,000 of capital reserves, with the recognition that ultimately up to \$14.3 million may be required between now and 2023-24.

The budget will include an investment in board-funded capital to support the maintenance of systems and learning spaces as well as the replacement of vehicles, equipment and technology hardware.

² As of second quarter forecast 2020-21

