



Initial CBE response to provincial budget

Mar. 6, 2014

We are committed to keeping our community informed as we prepare



» [2014-15 budget](#)

our 2014-15 operating budget. The first stage in that process is analyzing the budget announcements we heard today.

We have not had a chance to fully understand the budget's full implications for our organization. We will have more information next week. However, our initial view is that the budget will present challenges for our system.

We are pleased that the government has provided funding for enrolment growth. However, funding for other cost increases has not been provided. Therefore, we believe our per-student funding will continue to decline.

We are in a difficult position because the CBE has limited reserve funds to tap, because these funds have been steadily diminished over the past four years.

Despite the challenges, we remain committed as a system to remaining focused on providing excellent learning opportunities for students and safe and secure schools and facilities.

We will have further information and analysis available next week.

Also, we invite public input below.

Budget background

As the Calgary Board of Education begins another budget cycle, we want you to be informed. The provincial government will release its budget March 6. To help understand the current 2013-14 operating budget situation, please see:

- [Financial Backgrounder 2013-14.](#)

news release

Initial estimates show CBE facing funding gap

For Immediate Release
March 12, 2014

Media Relations
403-819-2317

mediarelations@cbe.ab.ca

CALGARY—The Alberta government’s March 6 provincial budget means the Calgary Board of Education will be underfunded for the fourth consecutive year.

The CBE is grateful that the Province increased funding by three per cent to address enrolment growth, but other rising costs were not covered. This includes operating expenses such as inflation, the movement of staff covered by collective agreements through salary grids and other costs.

Administration is initially estimating this could result in as much as a \$31 million funding gap and a decline in per-student funding for the fourth consecutive year in 2014-15.

“Funding is not keeping pace with costs and this presents challenges for us again this year,” Sheila Taylor, chair of the CBE Board of Trustees, says. “The CBE is feeling particular strain because this is the fourth consecutive year of underfunding.”

Taylor says there is still much work to do to understand what changes and adjustments will have to be made to balance the budget.

“We want to sustain the excellent outcomes that our students continue to achieve,” says Taylor.

Over the next several weeks, CBE administration will consider all options as it prepares its budget assumptions for presentation to the Board of Trustees in April.

“All the usual portfolios that are discussed at budget time will be reviewed, including fees, transportation, levels of service and allocations to schools,” says Brad Grundy, chief financial officer and corporate treasurer. “We will also look at all our internal projects and initiatives that are underway or planned, in order to look at the potential for delaying or reducing expenses.”

More information about the CBE budget can be found online. Additionally, the CBE welcomes public comments regarding the budget at budget feedback.

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news release

Calgary Board of Education budget update

For Immediate Release
March 20, 2014

Media Relations
403-819-2317

mediarelations@cbe.ab.ca

Alberta Education has revised the financial information estimates provided to the Calgary Board of Education regarding the CBE's 2014-15 budget allocation. As a result, the CBE has \$4 million more than originally announced on March 6.

This means that the total budget allotment from the province is \$1.202 billion, a \$41 million increase over what it received in 2013-14. The additional information is welcome news. However, the CBE still faces an estimated funding gap of \$27 million and a decline in per-student funding. This is a challenging situation and the CBE will still need to make difficult decisions.

Over the next several weeks, CBE administration will consider all options as it prepares its budget assumptions report for presentation to the Board of Trustees on April 1.

Additionally, the CBE welcomes public comments regarding the budget at [budget feedback](#).

- [Submit your ideas](#)



2014-15 budget

Initial estimates show CBE facing funding gap

Mar. 20, 2014

With the release of the provincial budget on March 6, the Calgary Board of Education will now face underfunding for the fourth consecutive year.



» [2014-15 budget](#)

The CBE is grateful that the Province increased funding to address enrolment growth, but other rising costs were not covered for things such as operating expenses due to inflation and the movement of staff covered by collective agreements through salary grids.

CBE administration is estimating this could result in as much as a \$27 million funding gap and a decline in per-student funding for the fourth consecutive year in 2014-15.

There is still much work to do to understand what changes and adjustments will have to be made to balance our budget. Over the next several weeks, CBE administration will consider all options as it prepares its budget assumptions for presentation to the Board of Trustees April 1.

Additionally, the CBE welcomes public comments and feedback regarding the budget:

- [Submit your ideas](#)

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Web Administrator: [Webmaster](#)
Last Modified: April 14, 2014

speaking notes

Introducing the Budget Assumptions Report for the school and fiscal year 2014-15

Naomi Johnson
Chief Superintendent

Brad Grundy
Chief Financial Officer,
Corporate Treasurer

Public Board Meeting
April 16, 2013

Check against delivery

learning | **as unique** | as every student



**Calgary Board
of Education**

Naomi Johnson, chief superintendent of schools

Chair Taylor and Trustees, today, we are at a crucial point in the process for developing the CBE's 2014-15 budget.

We have received the information from the government of Alberta and we now know the challenge we face in delivering a balanced budget. The gap between the funding we will receive and the funding we would need to maintain status quo operations is \$27.7 million. After four consecutive years of similar funding gaps, in practical terms we must choose not between needs and wants, but between needs and needs. It is about making difficult choices. Our budget in 2014-2015 will be over \$1.2 billion – a very large budget for a very large system. The task we face is how to best allocate those funds across our all schools and services acting in the best interest of the system as a whole.

Today we seek the Board of Trustees' direction on the strategies and choices which will drive the development of our 2014-2015 budget.

But before we get into the specific strategic discussion, I think it is important to reflect upon who we are and what we are about.

As a province we are guided by the Ministerial Order for Student Learning and Inspiring Education. As a system we are driven by our mission, our vision, and our values. As you know, our values are:

- Students come first;
- Learning is our central purpose; and
- Public education serves the common good.

Our shared values guide us, inform us, direct us and are the basis of our work.

Our Three-Year Education Plan speaks to:

- Personalized learning;
- Building professional capital;
- Engaging the public; and
- Stewarding our resources.

It is these goals, translated through our values, that ensure success for each student every day.

I think it is important as well to recognize that we do not live in a static world but rather in a world of rapid change. At the CBE, we are managing that change through our Strategic Imperatives. We believe that these imperatives, taken together, are the actions that we need to focus on as a system to ensure that we continue to support student success both today and into the future. The imperatives we are focusing on are:

- Assessment and reporting;
- Curriculum design;
- High school success; and
- Leadership learning and practice.

Today we are presenting to the Board two documents that are intended to support a robust strategic conversation about the CBE's values and how they will inform and shape the development of our budget.

I would now turn to Superintendent Grundy to provide some additional context to inform today's conversation and present today's reports.

Brad Grundy, chief financial officer, corporate treasurer

Chair Taylor and Trustees, as the Chief Superintendent noted, administration is presenting two reports to you today.

The first report is the Budget Assumptions Report or BAR. The second report is titled, "Request approval to draw from reserves to balance the 2014-15 Budget" That report recommends using operating reserves to assist in balancing the budget.

We are asking Trustees to consider both reports together here today.

The CBE operating and capital budgets are two of several important governance documents produced annually. Within the CBE, the Board has delegated responsibility to the Chief Superintendent for the development of the CBE's operating and capital budgets.

The Board, however, retains accountability for approving the annual operating and capital budgets under the School Act. The Board also authorizes submission of the CBE budgets to the Ministry of Education. It is in that capacity that we seek the board's direction.

The Board, through Operational Expectation 5, Financial Planning, has directed that the Chief Superintendent develop and present a Budget Assumptions Report as the first part of the budget development process.

The Budget Assumptions Report, or BAR, is the document that lays the groundwork for the creation of our budget. This is done by identifying the strategic assumptions that will be the framework and criteria for the allocation of funds and the development of the final budget document.

The assumptions set out in the BAR reflect financial, economic and other relevant factors where uncertainty exists. They provide a view into how the resulting budget will allocate resources and the related impacts.

Current Board process requires that the BAR be presented for information, which precludes a debate on the report's content. Within this process, the report is either accepted, or not.

This presents a procedural challenge in terms of Administration receiving direction from the Board. To address that procedural challenge, administration is providing a companion "Request approval to draw from reserves to balance the 2014-15 Budget" report. That report builds off of the specific assumption in the BAR that operating reserves will be used to balance the budget. Board process allows debate on this report.

The use of reserves is an important strategic decision for the CBE. Bearing in mind the CBE values, as well as the information contained within the BAR, administration is seeking agreement, in principle, from the Board for the use of reserves to balance the budget. Administration believes that is the best approach to resolving the 2014-15 budget challenge while continuing to support student success.

You will note that the report does not recommend a number; rather, it seeks agreement to use reserves within certain parameters. The parameters include Board direction to maintain reserves of 1 per cent of operating expenditures, and to avoid fiscal jeopardy. We will not know a number until we receive all your direction and convert it into a budget.

Based on the Board's decision related to the use of reserves, and any other direction which may be forthcoming today, administration will then develop a 2014-15 budget that aligns with that direction. This will take several weeks.

After we have done that work, the actual budget with all related information and details will be presented to the Board at the May 6th public meeting. The budget report will be presented a second time at the May 20th meeting for final approval.

That is the process we are initiating. In terms of the presentation here today, I suggest that it might be beneficial to focus on the reserves report considering the assumptions set out in the Budget Assumptions report.

I would now be happy to answer any questions that the Board may have.

report to Board of Trustees

Request approval to draw from reserves to balance the 2014-15 Budget

| | |
|-----------------------------|--|
| Date | April 1, 2014 |
| Meeting Type | Regular Meeting, Public Agenda |
| To | Board of Trustees |
| From | Naomi E. Johnson, Chief Superintendent of Schools |
| Purpose | Decision |
| Originator | Brad Grundy, Superintendent, Chief Financial Officer, Corporate Treasurer |
| Governance Policy Reference | OE-6: Financial Administration |
| Resource Person(s) | Donna Rogers, Manager, Corporate Planning & Reporting |

1 | Recommendation

It is recommended:

- THAT the Board of Trustees approves, in principle, the use of operating reserves to balance the 2014-15 budget.

2 | Issue

In accordance with Operational Expectation 6: Financial Administration, the Board of Trustees must approve all transfers in and out of reserves. CBE Administration seeks the Board of Trustees' approval to draw on reserves to balance the 2014-15 budget.

3 | Background

On March 6, 2014, the provincial government announced funding to school jurisdictions for the 2014-15 fiscal year. While funding will increase primarily for enrolment growth, the total increase is not enough to cover anticipated 2014-15 expenses. The gap between provincial funding and CBE expenses is projected to be a deficit of \$27.7 million.

The development of the budget is a series of choices that must be evaluated and weighed against the CBE's mission, vision and values, fiduciary responsibilities, public expectations and provincial directions. Sometimes difficult choices need to be made.

The CBE's values are centred on students and learning. Specifically our values are:

- Students come first;
- Learning is our central purpose; and
- Public education serves the common good.

The public, representing students, parents and other stakeholders, have very high expectations of their public school system. In addition to expectations around solid educational results, the public expects a broad range of choice. These expectations strongly influence the design and delivery of the CBE's student-centred learning programs and services.

The province provides direction to the CBE to provide programs and services to students that comply with the requirements of the *School Act* and related regulations. As well, the province requires that the CBE continue moving towards the goals laid out in *Inspiring Education*. This direction strongly influences CBE actions and choices.

In light of the values, expectations and direction noted above, administration is evaluating a number of strategies to balance the 2014-15 budget. One key strategy is to access the CBE's operating reserves, in whole or in part, to balance the budget. This strategy is a choice that requires thoughtful consideration as the decision will inform other key strategies.

4 | Analysis

The choice to use reserves to fund the delivery of ongoing programs and services has pros and cons. Factors to consider include, but are certainly not limited to:

- As a public sector organization, it can be argued that all funds received in a year should be spent in that year on the provision of programs and services. In creating a reserve, a choice is made to curtail the provision of programs and services in the current year to fund projects, programs and services in the future.
- Using reserves accumulated in the past to fund the provision of current year programs and services is not a sustainable strategy over time. While reserves provide one-time funding, program and service costs are on-going. Ideally, ongoing programs should be funded by ongoing sources of revenue. Accordingly, it can be argued that the use of reserves merely delays when difficult choices need to be made.

- Prudence would suggest that maintaining a level of reserves is appropriate to minimize the financial risks to the organization resulting from unanticipated events or occurrences. The level of reserve required to meet the prudence test is directly related to the organization's appetite for risk, the likelihood of unanticipated events, and the ability of the organization to access other sources of funding over the short and longer-term. These too are choices.
- The creation and maintenance of reserves can be seen as a mechanism to reduce the risk of the organization falling into fiscal jeopardy. As a publically funded organization the implications of fiscal jeopardy are not as significant as those faced in the private sector. Ultimately the CBE is financially supported by the provincial government. This reality could argue for a reduced need for operating reserves.
- The CBE has used operating reserves to balance the budget in each of the last five fiscal years. Actual use of reserves has generally been less than what was anticipated in the related budget.
- As at Aug. 31, 2014, the CBE anticipates having \$20.3 million in 'available-for-use' operating reserves and \$24.8 million in capital reserves for a total of \$45.1 million.
- Available-for-use operating reserves of \$20.3 million as at Aug. 31, 2014 represents approximately 1.7 per cent of anticipated 2014-15 revenue of \$1.2 billion.
- Operational Expectation 5: Financial Planning requires that administration "strive to develop and maintain an operating reserve base equal to one per cent of jurisdiction revenues, whenever possible". One per cent of revenues for 2014-15 is calculated to be \$12.0 million.
- Alberta Education has encouraged school jurisdictions to use reserves to support the delivery of services:

"Many school boards have savings for a rainy day. Government encourages school jurisdictions to make every effort to maintain the level of services to ensure student success." Alberta Education (March, 2014).

As well, the Minister of Education has indicated publically that all school boards should be using their accumulated operating surplus (reserves).
- The Alberta School Boards Association has a long-standing guideline that suggests a prudent level of operating reserves is in the range of 2.0 – 2.5 per cent of total revenue. This translates into \$24.0 million - \$30.0 million for the CBE.

5 | Financial Impact

As discussed in the Budget Assumptions Report that has been received by the Board for information, administration has assumed that operating reserves will be used to moderate the impact on the provision of student-centred learning programs and services.

If use of operating reserves is not supported, administration will need to evaluate a range of alternatives to make up the increased funding gap. Areas of potential impact include, but are not necessarily limited to:

- Changing the level of funding allocated to schools through the Resource Allocation Method (RAM);
- Changing the funding provided for learning supports;
- Examining the ongoing viability of programs and services across the system;
- Adjusting the funding provided to support non-facility related projects;
- Additional service-level and fee related changes to transportation services, noon supervision programs, and instructional supplies and materials;
- Changing strategies related to salary and benefit negotiations due in 2014-15

Based on the Board's direction today, administration will make these difficult choices through the lens of the CBE's values and ensuring the best possible outcomes for students within the available resources. The budget presented in May for Board approval will incorporate the strategic direction received today.

6 | Conclusion

The 2014-15 budget will be balanced, with or without the use of reserves. How that is achieved is a question of choices. Administration seeks the Board of Trustees approval to incorporate the use of reserves in balancing the 2014-15 budget.

NAOMI E. JOHNSON
CHIEF SUPERINTENDENT OF SCHOOLS

ATTACHMENTS

Attachment I: Reserve balances at August 31, 2014 (forecasted)

GLOSSARY – Developed by the Board of Trustees

Board: Board of Trustees

Governance Culture: The Board defined its own work and how it will be carried out. These policies clearly state the expectations the Board has for individual and collective behaviour.

Board/Chief Superintendent Relationship: The Board defined in policy how authority is delegated to its only point of connection – the Chief Superintendent – and how the Chief Superintendent’s performance will be evaluated.

Operational Expectations: These policies define both the nonnegotiable expectations and the clear boundaries within which the Chief Superintendent and staff must operate. They articulate the actions and decisions the Board would find either absolutely necessary or totally unacceptable.

Results: These are our statements of outcomes for each student in our district. The Results policies become the Chief Superintendent’s and the organization’s performance targets and form the basis for judging organization and Chief Superintendent performance.

**CALGARY BOARD OF EDUCATION
AUGUST 31, 2014 FORECASTED RESERVES**

| <u>Description</u> | <u>Reserve Balance Aug 31, 2013 (\$000)</u> | <u>2013-14 anticipated addition to / (use of) reserves (\$000)</u> | <u>Forecasted reserve balance, Aug 31, 2014 (\$000)</u> |
|--|---|--|---|
| ACCUMULATED OPERATING RESERVES | | | |
| Available for use reserves* | | | |
| System Transformation | 2,000 | (500) | 1,500 |
| Utility Expense Stabilization Reserve | 5,007 | (1,637) | 3,370 |
| Snow Removal Budget Stabilization | 200 | - | 200 |
| Administrative Systems Renewal | 2,248 | (2,248) | |
| General Instruction | 1,000 | (1,000) | - |
| Fiscal Stabilization Reserve | 4,017 | (2,346) | 1,671 |
| Continuing Education Fee Stabilization | 1,593 | (1,593) | - |
| Operating Lease Reserve | 14,577 | (1,000) | 13,577 |
| Restricted reserves | | | |
| Transportation Fee Stabilization Reserve | 3,681 | (2,256) | 1,425 |
| Unrealized Investment Gains and Losses | 9,371 | - | 9,371 |
| Changes in Accounting Policy Reserve | (10,164) | - | (10,164) |
| Total Operating Reserves | 33,531 | (12,580) | 20,950 |
| DESIGNATED OPERATING FUNDS | | | |
| Instructional and Service Unit initiatives | 779 | (779) | - |
| School Decentralized Budgets | 118 | (118) | - |
| EducationMatters | 1,839 | - | 1,839 |
| Total Designated Funds | 2,736 | (897) | 1,839 |
| ENDOWMENT FUND | 2,744 | - | 2,744 |
| UNRESTRICTED OPERATING SURPLUS | - | - | - |
| TOTAL OPERATING RESERVES AND DESIGNATED FUNDS | 39,011 | (13,477) | 25,533 |
| *Of the total, operating reserves that are available for use | 30,643 | (10,324) | 20,318 |

news release

CBE Board of Trustees approves use of operating reserves to help balance the 2014-15 budget

For Immediate Release
April 2, 2014

Media Relations
403-819-2317

mediarelations@cbe.ab.ca

The Board of Trustees has approved the use of all of its operating reserve funds to help balance the 2014-15 operating budget. This still leaves the Calgary Board of Education with a funding gap of \$7 million which will need to be addressed by other budget adjustments.

At the same meeting, the Board of Trustees also provided CBE administration with comments on the Budget Assumptions Report, which identified the values and directions which will now be applied to make the difficult budget decisions about fees, compensation, program delivery and levels of service.

“The Board had to make a very difficult decision to use all of its operating reserves to help balance the budget this year,” said Sheila Taylor, chair of the Board.

The direction from the Alberta government has been for school boards to use up their reserve funds. As of Aug. 31, 2014, the CBE anticipates having \$20.3 million in “available for use” operating reserves which will now be applied to the 2014-2015 budget.

“Because we are facing a funding gap for the fourth year in a row, the Board had few other options to support student success while balancing the budget,” Taylor said following the Board meeting Tuesday.

In its budget March 6, the Province increased funding by three per cent to address enrolment growth, but other rising costs were not covered. This includes operating expenses due to inflation, rising insurance and utility costs, the movement of staff covered by collective agreements through salary grids and other costs. This results in a decline in per student funding for the fourth consecutive year, and a funding gap of \$27.7 million between provincial funding and CBE expenses in 2014-15.

Naomi Johnson, chief superintendent of schools, said that after years of similar funding gaps, “we must choose, not between needs and wants, but between needs and needs. It is about making difficult choices.” Administration had recommended that after successive years of budget cuts, operating reserves should now be used to moderate the impact on student learning and services.

Johnson said the budget in 2014-2015 will be over \$1.2 billion. The task the CBE faces is how “to best allocate those funds across all our schools and services, acting in the best interest of the system as a whole,” guided by its values.

Administration will now prepare the proposed budget which will be presented to the Board on May 6 for review and May 20 for final approval.

More information about the [CBE budget](#), including the report requesting the use of reserves and the Budget Assumptions Report, can be found online. Additionally, the CBE welcomes public comments regarding the budget at [budget feedback](#).

-30-



2014-15 budget

Calgary Board of Education confirms staff compensation plans

Apr. 10, 2014

Calgary Board
of Education



» [2014-15 budget](#)

superintendents met with representatives of each of its main staff groups on Friday April 4, 2014 to present the assumptions which will be used to inform the 2014-2015 operating budget.

At these meetings, superintendents also presented the general assumptions about compensation which will be used in the development of the budget:

- The budget will include the costs of covering current collective agreement increases, including general wage increases, employee salary grid movements, and benefits.
- Other salary adjustments which impact 2014-2015 will be considered in the operating budget.
- For the second consecutive year, there will be no salary increase for superintendents.

The CBE's programs and services are delivered by five main employee groups: Alberta Teachers Association, Staff Association, Canadian Union of Public Employees (CUPE), skilled trades unions and exempt staff. Increases for each group are:

- Alberta Teachers Association (7,000 staff): 0.41 per cent in 2014, two per cent in September 2015 and a one per cent lump sum payment in November 2015.
- Staff Association (3,800 staff): To be negotiated, contract expires August 31.
- CUPE (800 staff): To be negotiated, contract expires August 31.
- Skilled Trades (120 staff): 1.5 per cent in February 2014, 0.5 per cent in September
- Exempt staff (200 staff): zero per cent.

More than 85 per cent of exempt staff are administrative assistants, professionals with technical expertise, communications advisors, human resources advisors, information systems staff, finance personnel, maintenance staff, and front-line supervisors and managers.

On April 4, CBE superintendents advised exempt staff that they will receive no salary increase in 2014. CBE is adjusting the exempt staff salary range framework upwards by two per cent. This is being done to:

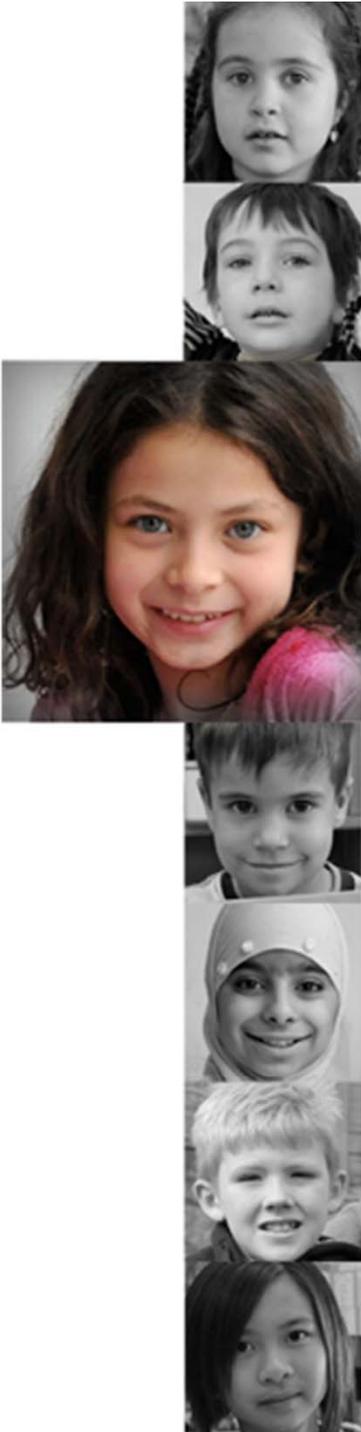
- Keep pace with market benchmarks
- Ensure that a market-competitive compensation framework is in place to inform future salary adjustments should funding be approved by the Board of Trustees
- Allow administration to address equity issues on a case-by-case basis.

Adjusting the salary range framework does not change exempt salaries. Unlike some bargaining unit staff, exempt employees do not move through a compensation “grid” and there are no automatic adjustments. Superintendents committed to the creation of an advisory committee consisting of exempt staff, which will work with exempt staff on other aspects of their employment terms and conditions.

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Web Administrator: [Webmaster](#)
Last Modified: April 15, 2014

learning | **as unique** | as every student

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Council of School Councils Budget Briefing *2014-15*

Updated April 10, 2014

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**Calgary Board
of Education**

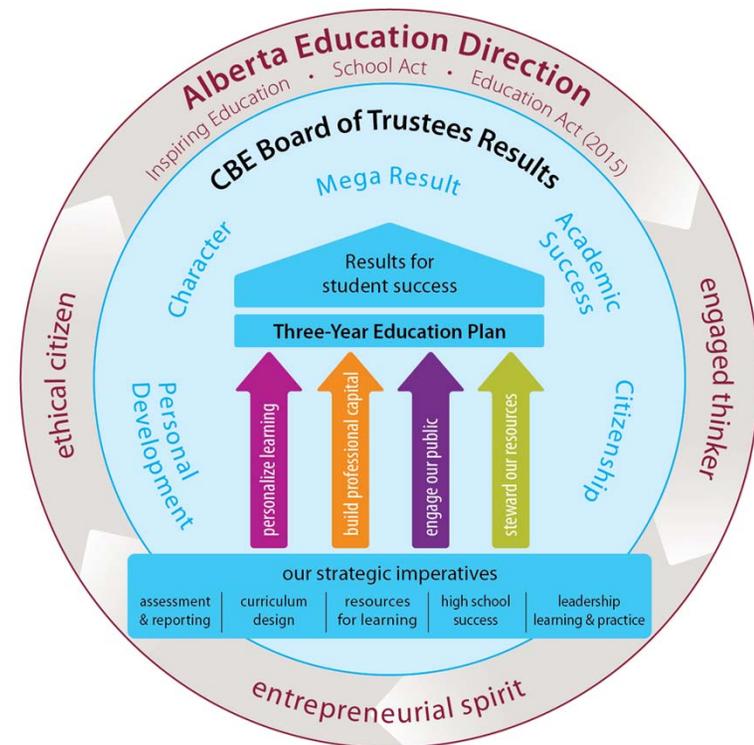
Our Vision and Values

Our Mega-Result

Each Student, in keeping with his or her individual gifts, will complete high school with a foundation of learning to function effectively in life, work and continued learning.

Our Values

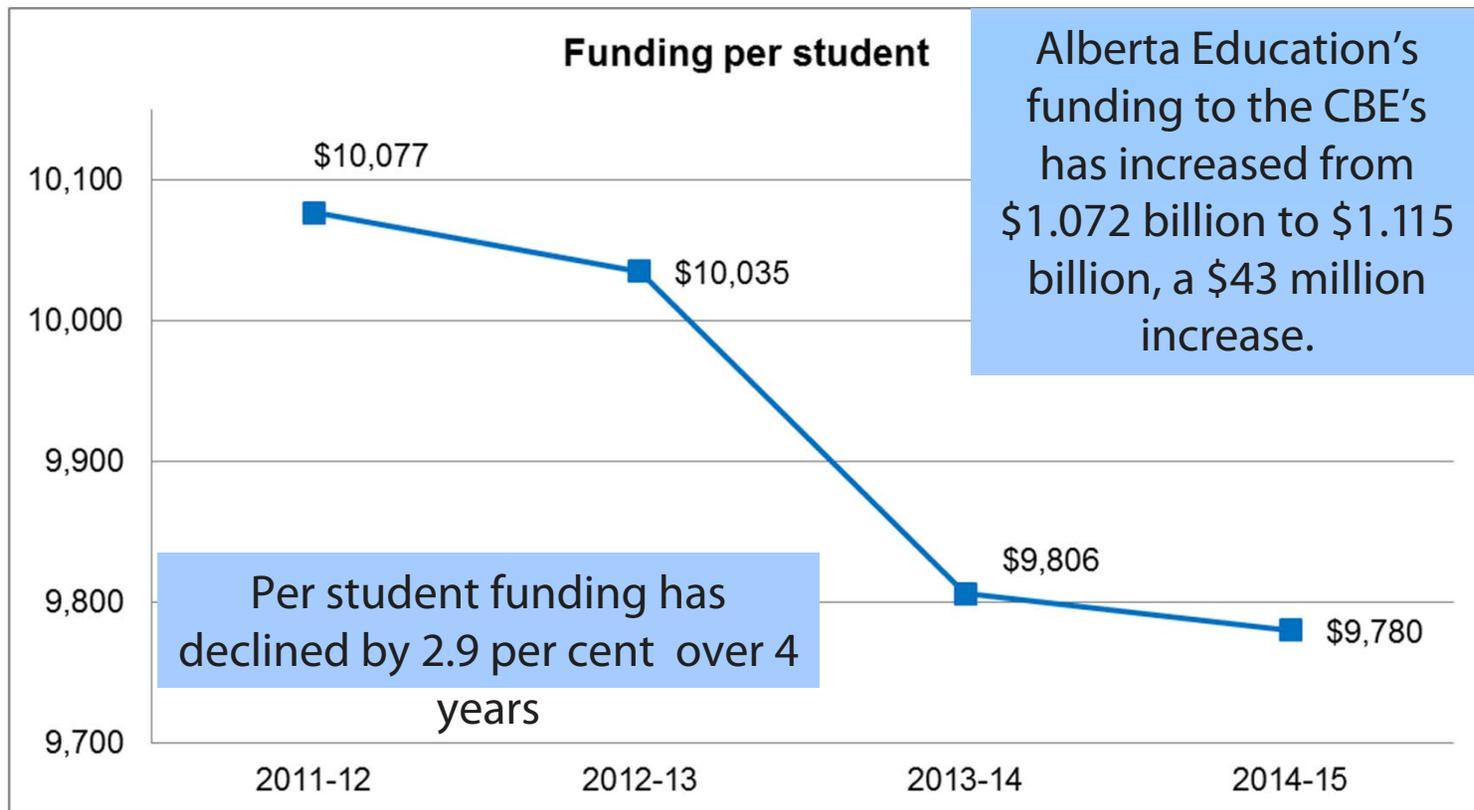
- **Students** come first
- **Learning** is our central purpose
- **Public education** serves the common good



The best solution is a full system solution that reflects our values.
We are choosing between needs and need, not needs and wants.

The budget challenge

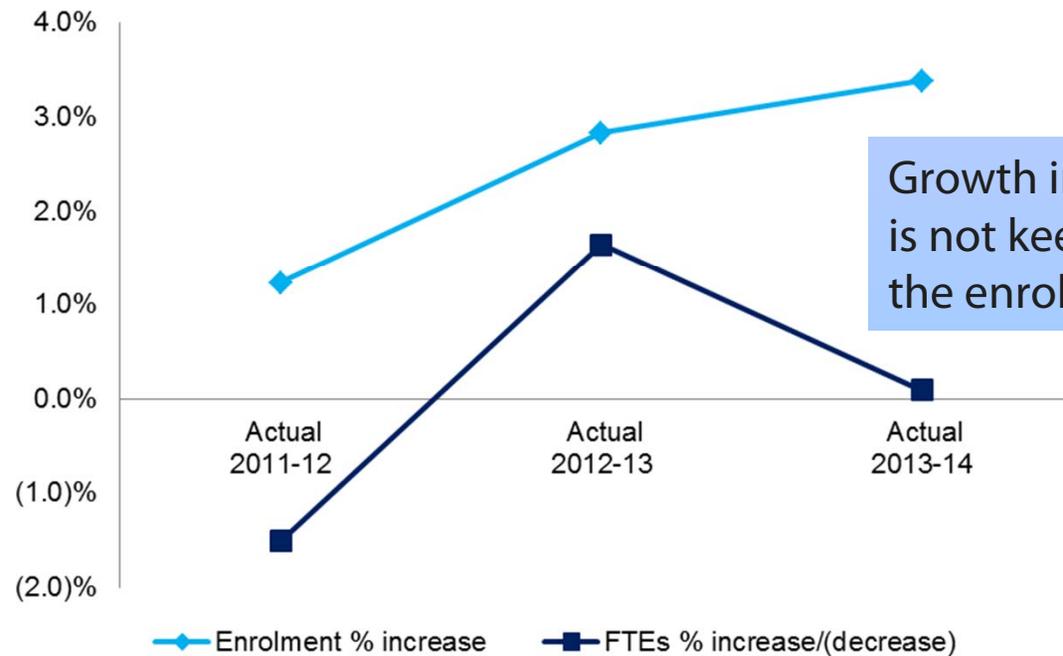
Provincial funding, on a per student basis, has decreased over time.



The budget challenge

While per student funding decreases, costs continue to rise.

Annual enrolment rate increase vs total FTE rate increase/(decrease)



Growth in our staffing is not keeping up with the enrolment growth.

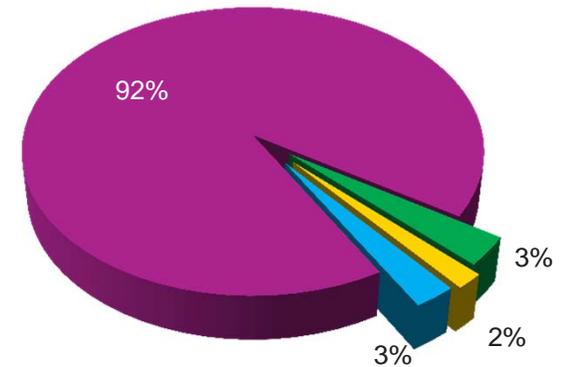
Revenues and Expenses

Revenues: 92 per cent of our revenue comes from the Province.

Staffing Expenses: 78 per cent of our total funding is spent on staffing. Of that, 90.6 per cent (by FTEs) goes directly to schools, 9.4 per cent (by FTEs) supports all other services.

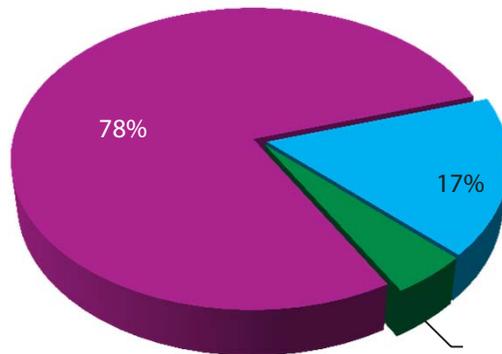
Revenue breakdown

- Alberta Education
- Fees
- Sales and Services
- Other



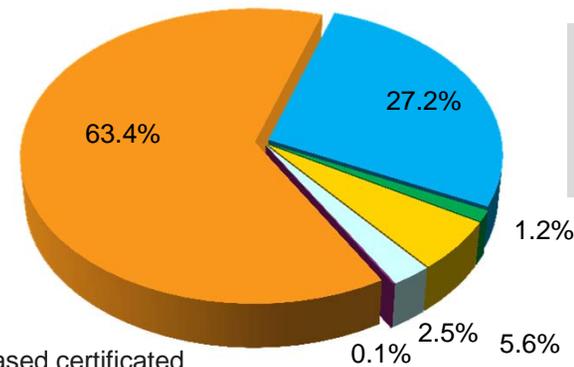
Expenses breakdown

- salaries, wages & benefits
- services, contracts & supplies
- amortization & other



Staffing complement

- School-based certificated
- School-based, non-certificated
- Non school-based certificated
- Non school-based, non-certificated
- Union exempt staff
- Superintendents



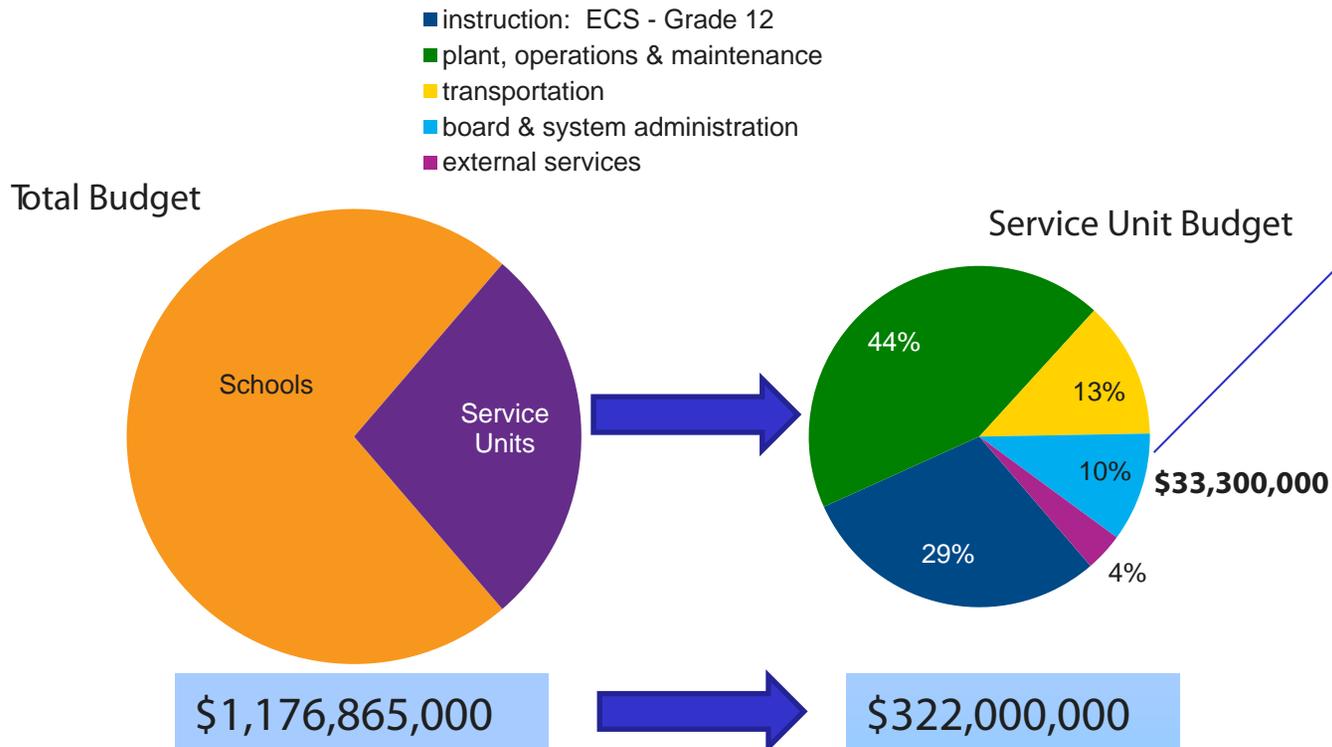
Fact | The CBE has slightly more than 9,107 full-time equivalent (FTE) staff

Fact | A total of 90.6 per cent of staffing dollars are school based.

Service Unit Spending

Service Units are allocated just over 27 per cent of the CBE's total expenditure budget. The chart below shows how that \$322M is allocated to the various program categories.

Service Unit expenses by program/block



Fact | Just 2.8 per cent of total CBE spending of \$1,177M is allocated to board and system administration.

Fact | "Administration" costs make up just 10 per cent (\$33.3M) of service unit spending or 2.8 per cent of total CBE spending.

Fact | "Administration" includes:

- Financial services
- Human resources
- Legal services
- Technology services
- Communications
- Board of Trustees
- Chief's Office

Where the money goes

| | 2013-14 Budgeted Expenditures | | | | | | | | | | Total |
|---|-------------------------------|--------------------------|----------------|---------------|---------------------|-------------------|------------------------------|---------------------------------|-------------------------------|--------------------------|------------------|
| | Schools & Areas | Office of the Chief Supt | Legal Services | Comm Services | Learning Innovation | Learning Services | Human Resources ¹ | Finance & Supply Chain Services | Facilities & Environ Services | Board of Trustees Office | Budget 13-14 |
| (all figures in \$ thousands) | | | | | | | | | | | |
| Spending by category | | | | | | | | | | | |
| salaries, wages & benefits | 785,026 | 998 | 1,771 | 2,592 | 20,939 | 27,709 | 9,875 | 7,218 | 62,640 | 661 | 919,429 |
| contracted serv, supplies and other expenses ² | 67,287 | 144 | 115 | 145 | 746 | 4,974 | 4,499 | 1,129 | 2,111 | 849 | 82,000 |
| amortization | 5 | | 13 | 4 | 6,827 | 287 | 595 | 8,445 | 34,528 | | 50,705 |
| corporate responsibility ³ | | 929 | | | 4,073 | 1,413 | 5,132 | 1,754 | 5,411 | | 18,712 |
| transportation ⁴ | | | | | | | | | 40,360 | | 40,360 |
| utilities | | | | | 3,953 | | | | 19,933 | | 23,886 |
| infrastructure, maintenance & renewal | | | | | | | | | 14,946 | | 14,946 |
| education centre lease and op costs | | | | | | | | | 12,764 | | 12,764 |
| insurance | | | | | | | | | 2,867 | | 2,867 |
| maintenance and repair | 143 | 2 | 2 | 5 | 19 | 222 | 10 | 9 | 2,653 | | 3,066 |
| minor equipment | 2,140 | 4 | 17 | 11 | 4,434 | 307 | 30 | 50 | 161 | | 7,154 |
| legal fees | | | 936 | | | | | | | 40 | 976 |
| | 854,602 | 2,077 | 2,853 | 2,758 | 40,992 | 34,912 | 20,142 | 18,606 | 198,374 | 1,550 | 1,176,865 |
| % of total | 72.6% | 0.2% | 0.2% | 0.2% | 3.5% | 3.0% | 1.7% | 1.6% | 16.9% | 0.1% | 100.0% |
| Full time equivalents (FTEs) | | | | | | | | | | | |
| Superintendents | - | 2 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | - | 9 |
| Staff (incl ATA, Staff Assn, CUPE, trades) | 7,711 | - | 3 | 11 | 136 | 164 | 43 | 43 | 788 | - | 8,899 |
| Union exempt staff | 5 | 3 | 8 | 11 | 29 | 21 | 40 | 23 | 57 | 2 | 199 |
| Total FTEs | 7,716 | 5 | 12 | 23 | 166 | 186 | 84 | 67 | 846 | 2 | 9,107 |

¹ Human Resources FTE count is net of 52.9 FTEs budgeted for professional improvement leaves and secondments.

² These include all other expenses such as rentals, supplies, textbooks, school generated funds, interests etc.

³ These expenses are held within the Service Units but are for the benefit of the entire organization. Examples include interest and bad debt expenses, costs for staff seconded or on professional leaves, software licenses

⁴ Transportation costs shown here include charter, calgary transit and special education transportation costs

The 2014-15 funding gap

Alberta Education announced that it would fund enrolment increases and has slightly increased the rates in two grant categories.

Revenues for the CBE will increase, but they will not be enough to fund increased costs.

| | |
|---|----------------------------|
| Existing funding deficit (structural deficit) | (15,300,000) |
| + Increase in expenses | (56,800,000) |
| Increased funding required | <u>(72,100,000)</u> |
| Actual increase in revenue | 44,400,000 |
| Funding gap | <u>(27,700,000)</u> |

Budget Update

On April 1, 2014, the Board of Trustees passed a motion to approve the full use of all available reserves to balance the 2014-15 budget.

Use of reserves

| | |
|---------------------------|---------------------------|
| Funding gap | (27,700,000) |
| Use of available reserves | 20,318,000 |
| Un-funded deficit | <u>(7,382,000)</u> |

For reference, \$7.4 million is the budget of 2 large Junior High Schools

* \$7.4 million is the choice between NEEDS and NEEDS *

Budget Assumptions

Strategic Assumptions |

- Financial
- Economic
- Programmatic
- Service Levels



Budget Assumptions - General

The budget will support:

- Mega Result / Expectations / Core values
- Inspiring Education / 3-Year Education Plan / the CBE's strategic imperatives
- School-based resource allocations – flexible / responsive
- Healthy and Safe environments
- Needed capital projects – investments for tomorrow
- Attracting and retaining the best people – 13,000+ staff
- A balanced budget – it's the law.

Budget Assumptions - Revenue

- Operating reserves will be fully committed (\$20.3M)
- Funded for enrollment growth, 2 per cent increase in Inclusive Education and Small Class Size Initiative, 0.41 per cent for ATA Collective Agreement
- Targeted funding to specified purposes
- Funding received for user-pay services (transportation, etc.) will be fully applied to those purposes. No core budget contribution for Transportation, Noon Supervision, ISM
- Explore opportunities to grow other revenue
- Lease revenue from Charter Schools restricted
- Facility rental rates to cover costs
- No CBE owned property available for sale. Joint Use Agreement
- Recover flood-related costs
- Investment returns at long-term average

Budget Assumptions - Expenses

- Collective agreements and long-term contracts funded
- Other salary adjustments considered
- No salary increase for Superintendents team (second year)
- Enrolment linked expenses funded (at a reduced rate)
- No overall inflation adjustment
- Anticipate costs related to accommodation challenges (bussing, moves, etc.)
- System administration to remain below 3.6% per cent cap (target is 3.1 per cent)

Budget 2014-15 Timeline

| Date | Event |
|-----------------------------|---|
| Late 2013 | Preliminary 2014-15 budget preparation |
| February 28, 2014 | Media budget briefing |
| March 6, 2014 | Provincial budget announced - \$31M gap |
| March 11, 2014 | Preliminary budget impact assessment – Public comment through CBE website. (45 responses to-date) |
| March 12, 2014 | Budget engagement – CBE Principals |
| April 1, 2014 | Budget assumptions and Reserve Request to Board – approval to use reserves |
| April 4, 2014 | Budget briefing to unions, associations and exempt staff |
| April 9, 2014 | Budget engagement – CBE Principals (part 2) |
| March 6 through May 6, 2014 | Working to identifying plans and strategies that align with our values and will deliver a balanced budget. Many factors and considerations. |
| May 6, 2014 | Budget Report to Board – for information |
| May 20, 2014 | Budget Report to Board – for approval |
| May 31, 2014 | 2014-15 Budget to Alberta Education |

 We are here



Calgary Board of Education

Budget Briefing 2014-15

1. How should we negotiate between competing values when making budget decisions?

Budget Briefing 2014-15

2. What needs to be considered to support the learning of each student?

news release

Calgary Board of Education proposed 2014-15 operating budget released

For Immediate Release
May 2, 2014

Media Relations
403-819-2317

mediarelations@cbe.ab.ca

CALGARY— The Calgary Board of Education’s proposed 2014-15 operating budget will ensure funding levels to schools and core programming and services are maintained despite continuing enrolment and system growth.

In order to sustain this level of funding to schools, CBE has had to make some difficult decisions in developing the budget, including: depleting its operating reserves, no longer using instructional dollars to subsidize fees and delaying investments in certain new programs and services.

“This will be a challenging budget but we have avoided significant cuts to programming and service levels and kept dollars in the classroom to support our students,” says Brad Grundy, CBE chief financial officer.

The proposed budget allocates an additional \$28.9 million directly to schools, resulting in approximately 180 additional full-time staff for schools and keeping school staffing ratios close to current levels. The budget also increases other school support funding by \$17.2 million.

The CBE receives 92 per cent of its funding from the provincial government. This is the fourth consecutive year in which Alberta Education funding per student to the CBE has decreased.

This year’s Provincial funding has increased to keep pace with a projected enrolment increase of more than three per cent next school year. However, the additional \$43.6 million is not enough to fund unionized employees’ salary and benefit increases and other projected expenses for 2014-15 such as inflation and other operating expenses.

To address a projected shortfall of \$27.7 million in funding, the Board of Trustees on April 1 approved the use of all of its operating reserve funds based on the direction from Alberta Education. Despite the decision to use all reserve funds, CBE still faced a \$6 million funding gap.

At the same meeting, the Board received the Budget Assumptions Report which stated that consistent with its values – students come first, learning is our central purpose and public education serves the common good – the CBE would no longer use instructional grants to subsidize fees. This decision has provided an additional \$5.2 million to support core programming and services learning.

“While we know increasing fees may pose a hardship on families, we believe it is the right choice in a difficult budget year,” says Grundy. “It’s important to know that no student will be denied access to an education due to the inability to pay fees because the CBE has a comprehensive waiver program to support families who are experiencing financial difficulties.”

The use of operating reserves will allow the CBE to avoid significant cuts to programming and service levels in 2014-15 and to make some strategic investments. In doing this, however, the CBE is essentially depleting its savings account without changing the growing annual gap between funding and expenses.

“More tough decisions will have to be made in future years,” says Grundy.

The budget projects that unless there is a change in funding levels, the CBE will face a \$33.3 million budget deficit in 2015-16 and a cumulative \$61.1 million 2016-17.

“We are starting to plan an extensive public engagement process to address what that will mean to programming and service levels and supports in the future,” says Grundy.

The CBE budget was publicly released today. It goes to the Board of Trustees for discussion on May 6 and for final approval on May 20.

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More information is available on the [CBE budget website](#), including:

- 2014-15 Operating Budget
- Provide budget feedback

See other 2014-15 CBE Operating Budget news releases:

- [CBE operating budget supports students](#)
- [Increases in fees proposed for the 2014-15 school year](#)

news release

Increases in fees proposed for the 2014-15 school year

For Immediate Release
May 2, 2014

Media Relations
403-819-2317

mediarelations@cbe.ab.ca

CALGARY— The 2014-15 CBE operating budget is proposing increases to fees to ensure the entire cost of providing the service is recovered from users. The instructional budget will no longer contribute to support fee-based programs and services.

“In keeping with our values that student learning is our top priority, we need to ensure that our fees fully cover the cost of services. This will allow us allocate our instructional dollars to core programming and services and not use the money earmarked for the classroom to subsidize fees,” said Brad Grundy, CBE chief financial officer.

CBE centrally manages three fees paid by parents: instructional supplies and materials (ISM), transportation and noon supervision.

ISM Fees

ISM fees are used for supplies and materials deemed necessary for instruction such as textbooks and workbooks; novels and other written materials; as well as paper and photocopying.

For 2014-15 ISM kindergarten and elementary fees will stay the same while there will be fee increases for junior and senior high students:

2014-15 proposed ISM fees

| | |
|--------------|-------|
| Kindergarten | \$15 |
| Grades 1-6 | \$30 |
| Grades 7-9 | \$137 |
| Grades 10-12 | \$152 |

Transportation fees

Busing our students to schools is a reality in our growing city where not all new communities have a school and existing schools in new communities are at, or over, capacity.

The Province provides funding for students who live more than 2.4 km from their designated school. CBE currently transports students who live approximately 1.5 km from their designated school. For 2014-15, the CBE will be making a change to its

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Calgary Board
of Education

transportation service delivery. Some charter bus stops will be congregated in order to reduce costs and minimize the impact of fee increases.

CBE is also moving to standardize transportation fees in fairness to all service users.

2014-15 proposed transportation fees

| | |
|--------------|-------|
| Kindergarten | \$330 |
| Grades 1-9 | \$330 |

Noon supervision fees

Noon supervision fees are charged to cover the costs related to supervision of students in full-day kindergarten through Grade 6. CBE receives no Provincial funding for noon supervision so cost-recovery fees are required.

In 2012, CBE announced it would phase-in fee increases for noon supervision for bused students. This will be the first year that bused students will pay the full cost of noon supervision fees

2014-15 Noon Supervision Fees

| | |
|---------------|-------|
| Four day | \$250 |
| Four/five day | \$270 |
| Five day | \$280 |

CBE provides parents with two mechanisms to waive fees either due to low income or hardship assessed by the student's principal. No child is denied access to education or services because of an inability to pay.

The charging of fees is governed by the School Act and CBE Administrative Regulation 7005: Student Fees.

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- [Calgary Board of Education proposed 2014-15 operating budget released](#)
- [CBE operating budget supports students](#)

news release

For Immediate Release
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CBE operating budget supports students

The development of the proposed 2014-15 operating budget is guided by CBE values:

- Students come first
- Learning is our central purpose
- Public education serves the common good.

The use of operating reserves will allow the CBE to avoid significant cuts to programming and service levels in 2014-15 and to make some strategic investments. Operating costs, however, continue to outpace revenue.

Some highlights of the 2014-15 budget impact on students and schools include:

- Additional \$28.9 million allocated directly to schools via the Resource Allocation Method (RAM). This will result in approximately 180 additional full-time staff in schools. The funds directed to schools will maintain current student to school-based staff ratios.
- Other school support funding increased by \$17.2 million which include supports for staffing relief.
- Groups of students who would most benefit from extended early learning experiences will have access to full-day kindergarten
- Student engagement and achievement will be advanced through personalized instruction and assessment; however, innovations and supports to respond to student learning interests and needs, as well as the changing face of education require thoughtful analysis and decision-making.
- Students and teachers will have access to the learning tools, resources, and environments that help create flexible, responsive and personalized learning opportunities and support student success. New access to Iris, an innovative learning tool, will be supported.

Some things that we would like to do more of but that are limited by this budget include fully funding the deployment of Iris, the replacement of aging computer hardware, expanding internet access and capacity in schools and transitioning libraries to learning commons.

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- [Increases in fees proposed for the 2014-15 school year](#)

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