



Speaking Notes | Budget Follow-up Presentation to Board of Trustees June 25, 2019

The following notes were used by Chief Financial Officer Brad Grundy to follow up on the 2019-20 budget report to the Board of Trustees on June 25, 2019.

Chair Dennis, Trustees,

Further to our conversation on the CBE's budget for the 2019-20 School Year at your June 18th meeting, we present today an updated budget for your review and approval.

The overall budget amount is the same as that presented at the June 18th meeting. The focus of our work over the last week was to allocate, based on information known today the expenditures for the 2019-20 school year. Given the uncertainty we would expect that the actual 2019-20 expenditures will require update in the fall.

As mentioned previously, the CBE has not received any formal information from Alberta Education regarding budget 2019-20. Accordingly, we continue with our "prudent" budget approach.

With regard to our prudent budget approach, we are aware that there has been some confusion regarding what is in, or not in, the budget before you today. Given that confusion, I will attempt to provide some additional clarity.

First and foremost, budget 2019-20 is built on the assumption that overall funding from Alberta Education for the 2019-20 school year will be equal to the total funding received from Alberta Education for the 2018-19 school year. We have referred to this as "flat" funding.

We have also incorporated into budget 2019-20 the assumption that our overall student population will increase by approximately 1,800 students or the equivalent of three large elementary schools. That is a 1.5 per cent increase in overall CBE enrolment.

At the highest level then, we are assuming flat funding and increased enrolment.

Flat funding does not allow the CBE to hire more staff into our schools and areas to address the increased enrolment. Ideally, we would be increasing school and area funding by \$22 million dollars. Flat funding does not allow us to support that increase.

As you can see on page 7-27 we expect that school and area based staffing will be 9,509 or a very slight reduction from the 9,521 set out in the fall update to the 2018-19 spring budget.

Accordingly, we have assumed in this budget that the average class size across the CBE will increase by one student. To reiterate, flat funding in the face of enrolment growth equals a slight increase to class size.

Said another way, budget 2019-20 will see a small budget reduction for those schools where student enrolment and complexity is identical year-over-year. At the elementary school level the reduction will be approximately 5.8%. For a high school, the reduction is approximately 2.4%.

For schools where the student enrolment is increasing and/or student complexity is increasing the reductions will be smaller, or a modest increase.

For schools where there is a decline in student enrolment and/or student complexity the budget reductions will be higher.

Taking all CBE schools together, we are forecasting that overall school and area funding and staffing levels will be very similar to the prior year.

For the CBE's service units, flat funding means reductions from the resourcing levels necessary to maintain supports and services at 2018-19 level.

Accordingly, you will see that we have reduced service unit staffing levels by nine FTEs. Those staffing adjustments in addition to other efficiency measures have resulted in overall service unit budget reductions of just over \$3.4 million dollars. That is \$400,000 in excess of the budget reduction targets identified for service units.

Putting it all together, flat funding leads to flat staffing levels in schools, which equals a slight increase in class size.

I trust that helps to clarify budget 2019-20 from the perspectives of schools and areas.

I would now like to say a few words about the changes in this document versus that presented on June 18th.

This budget report and related Alberta Education schedules shows the allocation of costs to the respective categories and blocks of expenditure based on the information available to us at this time.

Assuming no significant subsequent changes these expenditures should be, all things being equal, reflective of actual spending patterns for 2019-20.

With regard to staffing, this report has added further information on what we anticipate 2019-20 staffing to look like in schools, areas and service units. Specifically our staffing levels remain comparable to those of 2018-19.

For the Alberta Education schedules we have updated our basic assumption to add some additional clarity. We have also allocated our budget adjustments to the relevant line items and blocks of expenditure.

While the total fee revenue has not changed we have adjusted the fee revenue schedule to reflect the allocation of fees based on prior year actual results. Previously our practice was to allocate based on the prior year budget. This approach, we believe, provides added clarity and accuracy.

The FTEs in the schedules have been updated as noted previously and reflect what we know from the fall update to the 2018-19 spring budget and actual service unit staffing changes to date.

And finally, we have adjusted Appendix VII related to transportation to reflect a balanced position consistent with the body of this budget report.

With that update, I am happy to take your questions on budget 2019-20.