

Trustee Report – Glen Allan School Council Meeting May 26, 2022

Friends of Education Award – Alberta School Board Association

EIPS nominated Shell Canada (Scotford) for this award and they were selected as one of two recipients.

2022-23 KEY BUDGET ASSUMPTIONS

The assumptions are based on the province's Budget 2022 and *Funding Manual for School Authorities 2022-23 School Year*. EIPS will use the approved assumptions to develop a conservative 2022-23 spring budget to help schools and departments begin planning for the upcoming school year. As with all assumptions, any changes such as funding, reserve usage, enrolment numbers and standard costs can significantly affect the budget.

ASSUMPTION HIGHLIGHTS

- **General operations:** Operations will focus on increased student-learning opportunities, new curriculum work, a new mental health strategic plan, technology upgrades and public-health best practices.
- **Alberta Education:** Alberta Education plans to introduce three new grants: the Student Well-Being Grant, Curriculum Implementation Grant, and Dual Credit and Enhancements for Career and Technology Studies. However, the province's *Funding Manual for School Authorities 2022-23 School Year* doesn't include details on distributing the grant monies or any associated restrictions.
- **Other Funding:** EIPS expects the funding from the province to cover its lease agreements for Strathcona Christian Academy Elementary and Strathcona Christian Academy Secondary; the Mental Health Capacity Building grant to remain in place; all assessments for Program Unit Funding completed by the deadline set by Alberta Education; School Generated Funds to return to normal—similar to the 2018-19 actuals; and funding for the Division's French programming to continue, albeit with a slight reduction because how the programs are split. However, unlike the fall budget, the spring budget doesn't include funding for the Odyssey Language Program, as it's uncertain if it will be supported in 2022-23.
- **Enrolment:** For the 2022-23 school year, the Division expects slightly lower student registration numbers than in fall 2021—decreasing to 16,942 students from 17,124 students.
- **Compensation:** EIPS anticipates overall employee compensation to remain flat. Benefit expenses will increase. However, certificated standard costs will drop by 1.8%—primarily because of hiring teachers with fewer years of experience to replace those retiring or resigning, and the use of temporary staff to fill leaves. Meanwhile, classified standard-cost changes will increase between 0.4% and 4.3%—based on grid movement and benefits costs.
- **Reserves:** New in 2022-23, the province defined the Operating Reserve Limit parameters. School boards must keep operating reserves within a certain percentage of the operating expenses. Alberta Education will recover any money school boards hold in excess of that set limit—in December 2023. For EIPS, the limit is 3.15%, or an estimated \$6.07 million. Administration will ensure operating reserves are below that number.
- **Expenses:** The Division anticipates overall expenses to increase—mostly because of rising fuel, inflation, insurance and Federal Carbon Tax costs. These increases mainly affect Student Transportation budgets, school fees and utility costs.
- **Inflation:** EIPS anticipates significant increases in non-salary inflationary costs based on the overall consumer price index—furnishings, equipment, supplies for Careers and Technology Studies. Schools and departments will cover all added inflationary expenses.

- **System and Administration:** System and administration expenses will stay below the targeted grant amount, \$6.3 million, provided by Alberta Education. The Division will allocate any unused amount for Board expenditures, such as instruction.

ALLOCATIONS AND USE OF RESERVES: 2022-23

The Board approved the budget allocations and reserve use for the 2022-23 school year.

ALLOCATION HIGHLIGHTS

For the 2022-23 school year, funding from Alberta Education is relatively the same as the current school year. Although, there are some new funding items, including:

- a 1% increase to base funding for kindergarten and grades 1 to 12
- a 1% increase to Operations and Maintenance
- a 4.6% increase for Student Transportation
- various adjustments between grant categories
- the introduction of the student well-being grant, curriculum funding and new school grant; and
- a commitment to hold school divisions harmless for enrolment decreases resulting from the pandemic.

Overall, the Division's projected accumulated deficit is \$2.41 million, as of Aug. 31, 2023. The accumulated deficit comprises investment in tangible capital assets, operating reserves and capital reserves, and asset-retirement obligation. The accumulated deficit is the result of the asset retirement obligation, \$14.94 million, which is a new accounting standard requirement. It represents the costs to abate EIPS buildings for asbestos when the Division retires a building—typically covered by Alberta Education in the year the building is retired. As such, it's better to look at the accumulated surplus, excluding asset retirement obligations, which is \$12.53 million.

For schools, allocations will slightly drop because of lower standard costs. Meanwhile, allocations for Central Services departments will increase to account for higher utility, insurance, fuel and cleaning costs. EIPS also plans to access \$2.48 million from its operating reserves for schools and departments and \$6.43 million from the Division Allocated Reserves to support Division projects. For the most part, these projects include the Focus on Unfinished Learning initiative, consultants in the areas of assessment, numeracy, early learning, career pathways, the new curriculum and mental health initiatives. Finally, EIPS projects the Division Unallocated Reserve to be \$3.92 million by Aug. 31, 2023, which is well within the Operating Reserve Limit.

RESERVE FUND REQUESTS

The Board approved the following reserve fund requests:

- Transfer \$5.33 million to the Division Allocated Reserves from the Division Unallocated Operating Reserves.
- The use of \$6.43 million from the Division Allocated Operating Reserves to cover costs for the Focus on Unfinished Learning, consultants and other Division project expenses.
- Transfer \$1.37 million to Division Allocated Capital Reserves from the Division Unallocated Capital Reserves.
- Transfer \$1 million to Division Allocated Capital Reserves from the Division Operating Reserves.
- The use of \$1.04 million from Capital Reserves.

SCHOOL FEES: 2022-23

The Board approved the proposed school fees for the 2022-23 school year, which outlines how fees are charged for optional courses; noon supervision; extracurricular and activity expenses, such as field trips;

and non-curricular goods and services. Parameters were set by the Board of Trustees to ensure students achieve quality education, but also to ensure fees are not cost-prohibitive for families. Now approved, schools will post fees on their individual websites for the 2022-23 school year. The Division will also update school fees on its website by the end of May 2022.

2022-23 ADMINISTRATIVE FEES

FACILITY RENTAL FEES

The Board approved the facility rental and lease fees for the 2022-23 school year. Fees are reviewed annually and determined by current market rates and operational cost-recovery analysis. Based on higher operational, inflation and insurance costs, fees are increasing in September 2022. The most notable fee changes include the youth weekend Tier 1 gym space, \$60 per hour; youth weekend Tier2 gym space, \$50 per hour; the not-for-profit registered societies lease fee, \$5.68 per square metre, and the for-profit organization lease fee, \$18.15 per square metre. While rental and lease fees are increasing, all EIPS after-hour rentals remain significantly lower than other school boards and other community lease-space providers.

SPECIALIZED SUPPORTS FEES

The Board approved the Specialized Supports Fees for the 2022-23 school year. The fees cover the costs associated with providing specialized supports and services in both inclusive settings and system programs for non-resident students. For 2022-23, fees will increase by 1% to align with the province's per-student funding—also rising by 1%.

PARTNERS FOR SCIENCE

The Board approved the Partners for Science (P4S) fees for the 2022-23 school year. Annually, EIPS supplies its schools and other school jurisdictions with P4S kits. Fees aren't charged to EIPS schools but are charged to other school jurisdictions to cover the proportionate operational costs. For the upcoming school year, these fees will increase by 13.75% to help offset the rising costs associated with the P4S program. The Division will also continue to charge a restocking fee for any P4S kits returned late, rising to \$26.25.

ALBERTA NON-RESIDENT AND INTERNATIONAL

The Board approved the Alberta non-resident and international fees for the 2022-23 school year. Rates for non-Alberta residents and international students will increase by 1% to align with the province's per-student funding—also rising by 1%. EIPS fees are comparable to other Alberta-based school division rates. Currently, EIPS has two international students—one full-time and one part-time—and no non-Albertan resident students enrolled in its schools.

PLAY AND LEARN AT SCHOOL

The Board approved the Play and Learn at School (PALS) fees for the 2022-23 school year. The fee is for the typically developing twin of a child who meets the criteria for PALS programming—providing programming for a typically developing twin benefits the child with disabilities and the PALS program as a whole. For the 2022-23 school year, fees will increase by 1% to align with the province's per-student funding—also rising by 1%.

STUDENT TRANSPORTATION FEES

The Board approved Student Transportation fees for the 2022-23 school year. Student Transportation offers a two-tiered, cost-recovery fee structure. As such, all riders—eligible and ineligible—pay a fee for

transportation services. It's an equitable structure for riders and allows EIPS to maintain its current level of service.

The recent increase in fuel prices and rising inflationary costs have the Division, and school boards provincewide, struggling with Student Transportation budgets. In fall 2021, EIPS paid \$1.13 per litre for diesel. It's now paying \$1.74 per litre—an increase of \$0.61 per litre. The impact is significant as EIPS serves one of the province's largest geographical areas. Currently, it projects fuel costs to increase by \$543,100 for the upcoming school year. That, coupled with rising inflation costs, insurance rates that have doubled, and the delivery of the legislated Mandatory Entry-Level Training program are substantial and create a significant shortfall for the Division.

Next year, the province is providing school divisions with a 4.6% funding increase for student transportation budgets—to help offset higher costs for fuel, insurance, supplies and services, and training. It's also waving the provincial fuel tax—when oil hits \$90 U.S. However, the added funding and fuel-tax savings still don't cover the expected shortfall. As such, Student Transportation fees will increase by \$21—for eligible, ineligible, non-resident and supplemental busing riders. Fees for replacement passes and administration processing remain unchanged. Student Transportation will also continue to offer a payment-plan option—available to families with fees of \$300 and more—paid over seven months

BUDGET REALLOCATION: 2021-22

The Board approved a budget reallocation of unanticipated surplus. The Division will use the funds to:

- support a division wide enhanced kindergarten initiative (\$110,000)
- cover costs related to renovations to the Connections and Play and Learn at School programs at Pine Street Elementary (\$184,000)
- cover costs at schools to enhance student achievement and school supports (\$400,000)

Cathy Allen – Trustee for Sherwood Park
780.417.8109
cathy.allen@eips.ca