



Budget Assumptions Report Speaking Notes

The following notes were used by Chief Superintendent of Schools David Stevenson to introduce the 2016-17 Budget to the Board of Trustees on June 14, 2016.

Chair Bowen-Eyre and Trustees,

You will find that the budget being introduced to you today is titled “students come first.”

Students come first, learning is our central purpose and public education serves the common good.

This budget takes our values to heart.

Therefore, you will see no cuts to the classroom in our budget. Funds allocated directly to schools are sufficient to maintain the current ratios of students to school-based staff.

We will continue to provide top quality public education to nearly 119,000 students. We will ensure we have a strong workforce to provide for those students by adding just over 120 full time equivalent teaching positions and nearly 100 full time equivalent school based support staff.

We will continue to personalize learning for our students and optimize student success. We will do this by:

- Advancing kindergarten to Grade 12 strategies in literacy and math so that our students can achieve at the highest levels possible
- Ensuring our First Nations, Metis and Inuit students have the supports, services and learning opportunities they need to succeed. In addition to graduation coaches in our high schools, we will be bringing similar supports into some of our middle/ junior schools and helping all schools strengthen their practices with Aboriginal learners. These efforts will help ensure success for our aboriginal students today and into the future
- Providing full day kindergarten for those students most in need. We know that early intervention is a key determinant of future success and we are committed to ensuring early learners enter school with the experiences and supports they need for long term success
- Refining our high school success strategy so that students continue to have access to opportunities that ignite their passions and prepare them for life, work and continued learning

- Building, modernizing and placing into operation 31 schools and maintaining more than 227 existing schools to foster enriching learning environments for all students
- Adding system services and supports to address the unique learning needs of our many new Canadians and refugees. These supports help students learn to speak and think in a new language at the same time they are trying to achieve the learning outcomes from the programs of study. They also help students regain a focus on learning after having experienced the traumas of war, displacement and loss
- Improving classroom teaching by implementing a new teacher induction process that emphasises the personalization of learning. Teacher practice is the single biggest determinant of a student's success so investing in our teachers is the best investment we can make in our students
- Enhancing the supports to our nearly 250 schools by funding two additional area offices. This will ensure greater consistency and coordination across our system and allow some of our strongest educational leaders to focus more time and energy on the instructional rather than managerial aspects of leadership
- Providing a comprehensive system-wide school transportation program that sees the majority of our students travelling less than 1,000 meters to their bus-stop
- Developing and implementing a student information system that improves access to and use of data to support best practices in assessment and grading and creates administrative efficiencies
- Provides for a system wide upgrade to our wireless network that enhances safety, security, and connectivity. Access to information is a fundamental component of learning and we are investing today to support our students as they prepare for jobs that haven't even been invented yet
- Implementing our public engagement framework to guide decision making and ensure stakeholders are reasonably included in decisions that affect them.

The budget we are presenting continues to maximize the dollars directed to the classroom while ensuring the supports and services students require from beyond their schools are also in place. This budget is focused on student results and on continued growth. We will create success for our learners using the guidance of our three-year education plan. We will continue to create an environment in which each student can become an engaged and accomplished learner, able to contribute as ethical, caring citizens in their local, national and global communities.

The 2016-17 budget will once again offer the Calgary Board of Education stability. By placing a priority on education, the Government has enabled us to place a

priority on student success. In an otherwise unstable economic climate, we are thankful that we are able to offer you a budget that remains stable and continues to put students first.

I will now ask Superintendent Grundy to introduce the details of the budget.



Budget Assumptions Report Speaking Notes

The following notes were used by Chief Financial Officer Brad Grundy to present the 2016-17 Budget to the Board of Trustees on June 14, 2016.

Thank you Chief Stevenson.

Chair Bowen-Eyre and Trustees,

As noted we are presenting today for your information and, ultimately, for your approval the budget for the school year that begins in September of 2016.

Before I get into details, I would like to begin by stating that for school year 2016-17 **the CBE is balanced**. Our total projected costs will be covered by a combination of Alberta Education funding and the judicious use of our operating and capital reserves. In short, we are using our resources to support our students and their learning because students come first.

Now for a few details.

As you know, the Budget Assumptions Report or BAR was presented to the Board on May 17. Budget 2016-17 is based on the assumptions presented in that report. As Treasurer of the Calgary Board of Education I am not aware of any material deviations from the information contained within the BAR in this budget report.

As Chief Stevenson noted, after adjusting for enrolment growth and principal decision making, we have been able to maintain programs and services in our schools at levels consistent with the current school year. I would direct your attention to page 7-12 of the report for a summary of the items that most immediately support students and their learning. This is good news in uncertain economic times.

In large part, maintaining services in our schools means we have increased the number of full time equivalent teaching positions by 121 and the number of full time in-class support staff by 97. Those positions are in our schools directly supporting our students and their learning.

With our expanded number of schools, we have added approximately 50 facility operators and maintenance staff within our Facilities and Environmental Services unit to maintain the quality of our learning environments.

We adding approximately seven staff in total across two new Area offices. This is important as we work to adequately support our nearly 240 schools across the city and will help our principals to focus on their primary job; leading the learning in their schools.

In total, 273 of the 289 positions (94.4 per cent) that we are adding in budget 2016-17 are located in our schools and Areas. All of our new positions are in response to continued enrolment growth and the significant increase in the number of CBE schools. In addition to the positive impact these positions will have on our students

and their learning, these are net new jobs that will provide a much needed material economic boost to the Calgary economy.

While there is much good news in this budget, it is true that we have not been able to grow our critical support services at the same rate at which our student population and their complexity is increasing.

Rest assured, we continue to review support services such as psychologists, occupational therapists, speech language pathologists and other support services to ensure we are as efficient and effective as possible. We know that these are in-demand supports and we are doing our best to maximize their availability.

Maintaining programs and services in schools with prior year funding levels means that the total cost of our operations for 2016-17 is projected to exceed our total 2016-17 revenue by approximately \$20 million before the application of reserves. With the use of operating and capital reserves we achieve a balanced position for 2016-17.

In balancing the 2016-17 budget we were challenged by a number of factors. Specifically:

In 2015 the provincial government announced a historic new school construction and modernization plan that resulted in 31 major capital projects coming to the CBE. For 201-17 the incremental cost of operating our new schools is \$11.0 million or 56% of our 2016-17 operating deficit before the application of reserves.

Utilities, insurance, technology support, principals, library assistants, facility operators and more are all part of the operating cost of a new school. These are costs that we are required to absorb and for which we do not receive incremental funding.

CBE administration did formally reach out to Alberta Education to seek relief from this extra-ordinary cost pressure. Our request, however, has been denied. Accordingly, we have had to fund the incremental operating costs of new schools from our existing operating revenue.

We have also been impacted by several other cost drivers that are largely beyond our control. For example:

- The provincial government is implementing a carbon tax. Given our more than 240 major facilities we are estimating the impact of that measure to be just over \$650,000. We estimate a further \$300,000 impact to our transportation program. As of today, we understand no relief is forthcoming on this matter and those costs will have to be absorbed;
- Alberta Education has mandated that where we have been directed to provide facilities to a charter school we are not to charge reasonable lease rates. Rather, charter school leases are to be for \$1 per year. For 2016-17, the last long-term rental agreement we had with a charter school expires and we have had to forego just over \$1 million in lease revenue;

- As a major purchaser of good, the CBE is exposed to fluctuations in the value of the Canadian dollar. For 2016-17 we estimate the impact of the lower Canadian dollar at approximately \$420,000; and
- The CBE is also challenged by a provincial funding framework that does not fully provide for the costs of student transportation. Keeping transportation fees “reasonable” while still providing acceptable levels of service to our families means we are subsidizing transportation services by approximately \$2.2 to \$2.7 million. As noted during our public engagement on transportation, we are not yet to a sustainable transportation model.

The remainder of the deficit relates to necessary investments for a system that is seeing growing in both the number and complexity of students.

Please refer to page 7-38 of the report of the complete list of factors that make up overall financial position for 2016-17.

I would note that while balancing our overall operations through the application of reserves is reasonable and appropriate, it is not without some risk.

Said plainly, in using our operating and capital reserves we have reduced our ability to respond to material, unanticipated events that may occur in the year ahead.

Overall, however, administration has assessed the risk of a material unanticipated event requiring the investment of dollars as **lower** which is why it has put forward this budget balancing strategy. Pages 7-26 and 7-27 of the budget report detail the most significant risks to our 2016-17 budget plans.

Budget 2016-17 projects that the CBE will have a modest capital reserve of approximately \$10 million and no operating reserves.

Investing our reserves in our students is consistent with the messaging that school districts have received from the provincial government, in the past and presently. We have complied with that direction and are investing our reserves to support our students and their learning.

No public school budget would be complete without at least a few comments on fees. As has been said previously, no one in the CBE wants to charge fees. Fees, however, are a reality and we do everything we can to be as efficient and effective as possible to keep our fees low.

I am pleased to report that for 2016-17 all of our fees, save for transportation, are maintained at the 2015-16 level. Even with that, we acknowledge that with the challenges in the Calgary economy, maintaining fee levels is not necessarily good news for some families.

For transportation specifically, we will see the related fee rise less than \$1 per school week to \$335 per year from the 2015-17 level of \$300 per year. This increase was necessary in light of the fact that the cost of providing transportation services exceeds provincial transportation funding. Even with that increase, the

CBE is projecting that approximately \$2.2 to \$2.7 million in other funding will be required to balance the transportation program.

As always, the CBE is committed to ensuring that no student is denied access to their public education by an inability to pay a fee. Parents and students can access fee waivers through our central services or through their school. We will work with our school communities through these uncertain economic times to ensure all students receive the highest quality public education.

Pages 7-137 and 7-138 provide additional information on our fees.

One additional note regarding fees. We, and the other Alberta school districts, are working with Alberta Education regarding how fees information is to be reported to our public. As we are in the midst of that work we would caution readers that the information contained on page 7-43 is not currently comparable on a year over year basis.

Turning to capital spending. For 2016-17 the CBE is committed to a relatively small number of major investments. First and foremost, the CBE, primarily through capital and operating reserves, has committed more than \$25.5 million to the cost of preparing our new schools to open. This is over and above funding provided by Alberta Education for the commissioning of our new schools. These dollars ensure that our students will be greeted by the supportive learning environment that they expect and need.

Second, we are investing in a system wide replacement of our student information system. Alberta Education mandates that school information systems be PASI compliant. Our current system is not able to be brought into compliance with that requirement. Accordingly, we are investing in a new system that will enhance learning for our students while minimizing workload for our staff and providing parents with expanded access to student-related information.

Third, we are investing in safer, more secure and much more responsive wireless capability across all of our schools. In our increasingly mobile and connected world this investment is fundamental to the success of our students both now and into the future. We anticipate this project taking approximately 24 months to conclude.

CBE staff are currently working through a process to prioritize the remaining \$11 million of board funded non-facility capital to ensure we make the investments that will have the greatest impact on student learning.

Finally, a few words about the format of this year's budget document. Eagle eyed readers will note that the format has changed significantly.

In our continued effort to meet the needs of you, our board, our parents, our students, the public, as well as our staff we are exploring the idea of seeking the Meritorious Budget Award (the MBA) adjudicated by the Association of School Business Officials International.

The Association of School Business Officials International is a non-partisan body devoted to advancing and enhancing administrative practice in school jurisdictions.

In seeking the MBA we are required to conform to a mandated format which is reflected in this year's document. You will note that the document is segregated into four sections:

- Introductory Executive Summary
- Organizational Background
- Financial; and
- Informational.

Readers may also note that the document is repetitive in certain sections. That is because the Introductory Executive Summary is intended to be made available as a standalone document. The three sections that follow contain and expand on information.

Although the format is different we have included similar information as in past years along with some additions. For example, the information contained on pages 7-32 through 7-34 is new to the budget report.

Obtaining the MBA is a process that can take several years to achieve. As we embark on this journey we hope that this new format continues to meet our stakeholders' needs. If our readers have any thoughts and comments on this document, we would appreciate receiving that feedback through the comment form on our main budget site. We are also happy to make public any feedback we receive from ASBOA International related to our budget document.

With that, we are pleased to take your questions on the 2016-17 budget report for the Calgary Board of Education. Students come first.