



Budget Assumptions Report Speaking Notes

The following notes were used by Chief Superintendent of Schools David Stevenson to introduce the 2017-18 Budget Assumptions Report to the Board of Trustees on April 11, 2017.

Chair Bowen-Eyre and Trustees,

Today we present to you the 2017-18 Budget Assumptions Report, we call the BAR. This report lays out our plan for next year's budget.

At \$1.4 billion, the Calgary Board of Education is receiving more funding than ever from the province. The government has funded enrolment growth, which means that we will receive funding for each of the 2,000 additional students we expect to welcome next year.

Even though we are receiving this additional funding, we still project a 38.6 million dollar gap between what the province provides, and what it will cost to offer the same level of services and supports as we have this year.

This is because new expenses such as grid movement, the carbon tax, increasing utility costs and the costs of operating our new schools have not been funded. For example, the cost to operate all of the new schools that opened in 2016-17 is 13 million dollars.

This gap is challenging a system that is already lean. Addressing the gap has required a system-wide approach. It requires contributions from every part of our organization. Our decisions are guided by our values. We absolutely have kept the focus on our core business of teaching and learning in this Budget Assumptions Report.

Superintendents have spent weeks going over every budget line item and every dollar, looking for where we could find the most savings while having the least impact on our learning environment.

Despite the financial challenges, I have great confidence that we will continue to provide an exceptional education to each and every student next year.

I will now ask Chief Financial Officer Brad Grundy to give an overview of the financial information contained in the report.



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Thank you Chief Stevenson.

Chair Bowen-Eyre and Trustees, I am pleased to be able to provide a synopsis of the Budget Assumptions Report for the 2017-18 school year.

In simple number terms I would offer the following information for your consideration.

Total CBE revenue is projected to exceed \$1.359 billion for 2017-18. That represents an increase of nearly \$29 million over 2016-17.

Alberta Government funding received via the Ministry of Education is projected to exceed \$1.271 billion, an increase of nearly \$41 million. That includes approximately \$20 million related to enrolment growth as well as \$14.1 million related to the likely impacts of Bill 1. Bill 1, of course, is the government's legislation directed at reducing school fees.

Total CBE expenditures are projected to exceed \$1.370 billion, an increase of slightly more than \$19 million over 2016-17. \$1.370 billion represents approximately \$7.4 million in expenditures per instructional day.

For 2017-18 we expect to allocate more than \$813.7 million out through our Resource Allocation Method to our schools. This represents a \$12.5 million increase over our Fall 2016-17 allocation of \$801.2 million.

The increase in our RAM is due to two factors. First, we will be opening an additional four new schools in 2017-18 and our RAM needs to incorporate the incremental costs associated with those new centres of learning. Second, the CBE will be welcoming slightly more than 2,000 new students into our schools. Together, those two factors require an additional investment of \$12.5 million.

That said, the growth in the CBE's projected expenditures exceeded the growth in projected revenues by \$39 million or just under three per cent of total expenditures.

As to reserves, this BAR is based on the assumption that the CBE, after covering off the 2016-17 operating deficit of approximately \$24 million and other board approved commitments will end the year with approximately \$17 million in available for use operating reserves. As well, we are projecting to have a 2017-18 capital reserve balance of \$13 million. Together that represents an overall reserve balance of 2.2 percent of total 2017-18 expenditures.

Within that overall context, this Budget Assumptions Report sets out how your administration anticipates closing that funding gap while still continuing to provide high quality public education to all students.

As Chief Stevenson noted, we are taking a “whole system approach” guided by our core values. We are looking at every budget line and considering every program and service offering. We are leaving no stones unturned.

In number terms, this report foresees a budget that will:

- Eliminate the projected transfer of \$5 million from the global budget to the transportation budget;
- Apply \$5 million in projected 2017-18 operating reserves to support operations leaving an operating reserve balance of approximately \$12 million for 2017-18;
- Allocate \$5 million in board funded capital to support ongoing operations;
- Maximize the use of Infrastructure Maintenance and Repair funding to reduce the operating budget pressure by \$5 million;
- Identify approximately \$11 million in school allocations that will have limited direct impact on students or their learning. We will prioritize staff over stuff; and finally,
- Further reduce funding to our service units by \$7.6 million through realignments, restructures and other optimization.

With these broad measures we anticipate balancing the budget that we will be presenting to you in May. That budget will prioritize staff over stuff and allow the CBE to continue to provide a top quality public education to students.

I believe that the remainder of our assumptions are well covered in the report before you today.

I am happy to take any questions that you may have at this time.