



FALL UPDATE TO THE 2019-2020 BUDGET

Lethbridge School Division

Department of Business Affairs
November 26th, 2019



Fall Update to the 2019-2020 Budget

What has changed since the legally adopted budget in the spring?

Revenues

Government of Alberta

Government of Alberta revenue decrease mainly consists of the following:

- Elimination of the Class-size funding (\$5.0 million), the Classroom Improvement Fund (\$1.3 million), and the School Fee Reduction Grant (\$252,000). Overall, there was a total of \$6.5 million in grants that were eliminated. The Division was expecting the removal of the Classroom Improvement Fund (\$1.3 million); therefore, resulted in a \$5.2 million of unexpected reductions in Provincial Funding. The Province is providing a one-time transitional grant of \$2.2 million, thus leaving a \$3.0 million funding shortfall.
- There was an increase in the Provincial "claw-back" for benefit rate savings.
- Differential Grant funding was slightly less than projected as certain factors such as eligible refugee students was less than projected.
- The Program Unit Funding (PUF) is projected to be reduced as there has been a reduction in the amount of PUF eligible students in the ECS programs.
- The School Nutrition Program was funded in 2019/2020 for \$252,000; whereas, this was not expected to be received in the Preliminary Budget.
- Increase in transportation and Infrastructure, Maintenance & Renewal (IMR) funding (based on growth of the District).
- Capital allocations revenues increased by \$520,000 for the increased supported amortization which correlates to the increased amortization expenses.

Federal and First Nations

Increase in estimated First Nation revenues with projected increases in the amount of students attending our schools from the Kainai reserve.

Donations

There was an increase in budgeted donations as the Ready-Set-Go program was included in the 2019/2020 budget.

Expenses by Program

Instruction

Increase in Instruction relates to additional staffing hired to address student growth, which was offset by the reductions from the CIF grant. There was an additional 9.5 FTE teachers hired to address enrolment growth and other site needs; whereas, there was a removal of 8.5 FTE relating specifically to the CIF program, resulting in a net increase of 1.0 FTE. In the Preliminary Budget, there were additional contingency positions budgeted, but were not to be hired, until the Provincial Budget was announced (these contingency positions were removed based on the funding shortfall).

For support staffing, there was an additional 5.0 FTE of support staff (including educational assistants) hired to address enrolment growth and student needs; whereas, there was a removal of 7.85 FTE relating to the CIF program, resulting in a net decrease of 2.5 FTE. In the Preliminary Budget, there were no increase to support staff and had budgeted a net reduction of 7.5 FTE; however, some surplus carry-forward were utilized to assist in these areas of student need.

The average teacher costs were recalculated in October as majority of new hires, retirements, and grid movements were completed; whereas, there was a slight reduction to the average teacher costs which assisted in the 2019-2020 funding shortfall.

School specific initiatives/projects, funded by school-based reserves, were updated in the budget; whereas, these were increases to instructional supplies and contracted services at the schools. Each of these initiatives/projects were discussed/reviewed to ensure that they were required in the school year.

Operations and Maintenance

Plant Operations and Maintenance expenditures mainly increased due to an increase for insurance costs on school facilities that needs to be updated based on the overall increased costs of insurance premiums.

Transportation

No overall change to budgeted expenditures.

Administration

No overall change to budgeted expenditures.

The administration budget represents 3.17% of the total updated budget, which is below the 3.6% limit prescribed by Alberta Education.

External Services

External Services represents the costs of the International Services Program. No change to budgeted expenditures.

Operating Surplus/Deficit

There is an increase in the operating deficit due to the Provincial Funding Shortfall. The Division utilized \$2.1 million of one-time reserve funds to assist in funding shortfall. There was \$698,000 for school based resources and equipment needs; whereas, each of these requests were reviewed and added if required. Operating reserves were also used to address priority areas such as elementary literacy assessment, Spanish resources, and funding a full day kindergarten project pilot.

Accumulated Surplus from Operations

The change in the Accumulated Surplus from Operations (ASO) since the spring report is due to a smaller year-end deficit in 2018-2019 than budgeted, which was a result in a higher August 31, 2019 ASO than originally projected. In the Preliminary Budget, the adjusted ASO (excluding SGF) was projected to result at 4.15%; however, with reduced deficit, it resulted in 6.23% adjusted ASO. These savings assist with covering the funding shortfall in 2019-2020.

AOS will be lower at the end of August 31, 2020 than originally anticipated due to use of one-time reserves to cover the funding shortfall and other Division/School initiatives. The adjusted ASO is projected at 2.90% after funding the Provincial Funding Shortfall. This projected adjusted ASO is within the Provincial recommended range of 1% to 5%.

Capital Reserves remained at similar levels between August 31, 2018 and August 31, 2019; whereas, this balance is expected to decrease as the secondary school technology evergreening phase will start in 2019-2020.

Expenses by Object

Certificated Salaries and Benefits

Overall decrease from Preliminary Budget relates to the reduction in the average teacher costs and the removal of a couple contingent positions (that were not hired) as they were based on the Provincial Budget announcements.

Non-certificated Salaries and Benefits

Overall increase from Preliminary Budget relates to the additional support positions (i.e. educational assistants) that were added to address enrolment growth and student needs and that were funded by carryforward funding from the prior year.

Services, Contracts, and Supplies

Increase in services, contracts, and supplies relates to the use of one-time funds to replace equipment, furniture, purchase literacy resources, supplies, and additional classroom resources and classroom enhancements.

Amortization Expense

Increase in original estimate of supported amortization due to the addition of new facilities coming in-service and increase in non-supported amortization due to the purchase of equipment and vehicles. The estimate has been adjusted to reflect the actual amortization of these capital assets.

Certificated Staffing FTE

A total of 629.06 FTE budgeted for certificated staffing. There was an additional 9.5 FTE teachers hired to address enrolment growth and other site needs; whereas, there was a removal of 8.5 FTE relating to the CIF program, resulting in a net increase of 1.0 FTE.

Non-Certificated Staffing FTE

A total of 517.17 FTE budgeted for non-certificated staffing. There was an additional 5.0 FTE of support staff (including educational assistants) hired to address enrolment growth and student needs; whereas, there was a removal of 7.85 FTE relating to the CIF program, resulting in a net decrease of 2.5 FTE.

Eligible Funded Students

Eligible funded students are enrolments that are funded by Alberta Education, not the head count at September 30th. Funded enrolment decreased over the May budget at Grades 1 to 12. Funded enrolment increased at Preschool over original projections.

Highlights of the 2019-2020 Operating Budget as compared to the 2019-2020 Preliminary Budget and the 2018-2019 Operating budget may be found in the Executive Summary to the budget in the November 2019 AERR report.