

DATE: April 10, 2012
TO: Board of Trustees
FROM: Edgar Schmidt, Superintendent of Schools
SUBJECT: Distribution of Funds
ORIGINATOR: Brian J. Smith, Executive Director, Finance & Infrastructure
RESOURCE STAFF: Sandra Bassett, Cheryl Hagen, Madonna Proulx

ISSUE

This report identifies the proposed distribution of the 2012 - 2013 budget funds.

RECOMMENDATION

Approve the distribution of funds Option 1.

BACKGROUND

In February 2012, the Provincial Government announced the funding allocations to school boards for 2012 - 2013. Highlights of this announcement included a new inclusive funding allocation model and a three year predictable funding increase.

RELATED FACTS

A preliminary revenue estimate using enrollment projections for 2012 - 2013 shows an overall revenue increase of 3.6 per cent or \$30.5 million (Attachment I). Major changes in funding can be summarized as follows:

- Base funding increase \$9.2 million or 1.8 per cent based on enrollment changes and a 1 per cent increase in provincial funding.
- The replacement of the Severe Disabilities grant of \$33.9 million and ECS Mild and Moderate funding of \$1.6 million with Inclusive Education funding of \$52.3 million.
- A new funding allocation called Equity of Opportunity (EPSB share \$11.9 million) replacing the fall 2011 one time funding of \$107 million (EPSB share \$13.1 million).
- An increase of 2 per cent in Plant Operations and Maintenance and Student Transportation funding. This is offset by the elimination of the Relative Cost of Purchasing funding.
- An increase in High Speed Networking funding of \$.5 million.
- Supported capital amortization funding increases by \$6.0 million as a result of the Alberta Schools Alternative Procurement (ASAP) schools.

OPTIONS

Numerous scenarios and increases were reviewed to determine the recommended distribution of funds. The need to balance increases at schools with maintaining central support for schools was the key factor in determining the distribution option selected. See Attachment III for detailed breakdown of the options.

1. School allocation increase 3.4%; Inclusive learning allocation increase 9.5%; Central Services allocation net increase .3%
2. School allocation increase 3.5%; Inclusive learning allocation increase 8.9%; Central Services allocation net increase .4%

CONSIDERATIONS & ANALYSIS

- A balanced budget is required due to the severe reduction in surplus funds.
- The distribution of funds presented will allow the maximum flexibility to schools and decision units while dealing with increasing cost pressures.
- With the priority of all students completing high school, the importance of allocating as much as possible to schools in order to cover expected increases in operating costs and to be able to provide schools with the funds to meet the needs of students has been addressed in this distribution proposal. This is to be balanced with the need to maintain relevant services to schools by Central Services.
- The increase in inclusive education grants and the change in the provincial method of allocating these funds have resulted in the need to review the current allocation method. Alberta Education funding is now based on two factors; inclusive learning supports and services funding and differential factors such as children in care, years of education of mother, average income, refugee and the percentage who own their dwelling. A change in the allocation of funds to schools with students having special needs should allow Central Services to focus and provide more programming support to schools and students.
- A revision to the allocation of First Nations, Metis, Inuit (FNMI) funding. Using information gathered from schools, all funds received for self-identified FNMI students will be directed to these students. This reflects a change in the FNMI allocation from 2011 – 2012 where FNMI funds were included in the base allocation for schools where FNMI population was less than 15 per cent. Schools will work with their Assistant Superintendents to ensure the needs of students are being met. Central support will continue for FNMI students with funding provided for the FNMI and diversity department.
- Allocation of District funds to students with special needs continues to exceed funds received from the Provincial Government. This proposed distribution of funds will increase the basic allocation rate by 4%, thereby increasing funding for special needs by just under \$10 million. ECS mild and moderate funding of approximately \$1.8 million has also been added to the ECS early education allocations.
- The Distribution of Funds continues to recognize some of the differences throughout the district and the allocation proposed focuses on equity as a priority. Over \$128 million is allocated to a variety of specific equity needs (see Attachment III Other Supplemental School Allocations). English language learners will continue to receive an additional funding allocation to address their learning needs. Also recognized with this allocation are students who reside in high socially vulnerable areas and who attend small schools and small programs. Specific allocations have been set aside for each of these identified equity priorities.
- Focus on literacy is still a priority in this distribution model with over \$8.6 million allocated to schools for various literacy programs.
- Plant Operations and Maintenance (PO&M) and Student Transportation funding is directed to recognize PO&M and transportation needs.
- The need to upgrade financial and human resource reporting systems is also required. An amount of \$.5 million has been included in this distribution. The total cost of this project is estimated to be \$2.0 million over four years.

NEXT STEPS

Option 1 is recommended.

The provincial base funding increase of 1 per cent, additional funds from inclusive learning and the new Equity of Opportunity grant were allocated directly to school needs. The funds from these new allocations plus the allocation of funds directly to FNMI students (over \$5.4 million) will increase overall school allocations by 3.7 per cent (\$23.6 million) compared to 2011/12. Under Option 1, per student (Levels 1 to 8) allocations increase by 4.6% from last year.

The net change to Central Services funding is a .3 per cent increase which represents a 1.5 per cent increase to the base allocation after the elimination of one time interim funding in 2011 – 2012. Increases in fixed costs (e.g. insurance, utilities) and committed costs (e.g. student transportation, human resources supply costs, professional improvement) total \$4.6 million or 3.7 per cent.

The total budget allocation to schools increases from 75.4 per cent to 75.6 per cent using this distribution.

As a result of the Provincial Government providing a three year funding allocation model, revenue projections for the next three years have been determined using existing enrolment projections. As recommendations come forward from the new Budget Committee and cost factors are negotiated and finalized, projections into the future can be addressed.

Budget Services will incorporate the recommendation into the allocations being sent out to schools and decision units for completion of the 2012 - 2013 Budget. The Board will receive in May the proposed budget for analysis before budget approval at the June 12, 2012 Board meeting.

ATTACHMENTS & APPENDICES

ATTACHMENT I 2012 - 2013 Preliminary Revenue Budget

ATTACHMENT II Student Enrolment 2012-13 to 2011-12 Year to Year Comparison

ATTACHMENT III Distribution of Funds

BJS: pn

**EDMONTON PUBLIC SCHOOL BOARD
2012/13 PRELIMINARY REVENUE BUDGET**

	Funded Student Count	2012/13 Funding Rates	2012/13 Preliminary Budget	2011/12 Revised Budget	Variance \$	Variance %
BASE INSTRUCTION FUNDING						
Early Childhood Services (ECS) Base Instruction	6,634	\$ 3,280.84	21,765,100	22,137,505	(372,405)	(1.7%)
Base Instruction (Grades 1 to 9)	51,516	\$ 6,561.68	338,031,500	330,242,841	7,788,659	2.4%
Base Instruction (Grades 10 to 12)	663,401	\$ 187.48	124,374,400	123,754,700	619,700	0.5%
Base Instruction Special Ed Block (Grades 10 to 12)	2,218	\$ 6,561.68	14,553,800	14,442,164	111,636	0.8%
Base Instruction Metro (Grades 10 to 12)	4,354	\$ 187.48	816,300	808,288	8,012	1.0%
Base Instruction Metro Summer (Grades 10 to 12)	23,810	\$ 187.48	4,463,900	4,419,599	44,301	1.0%
Outreach Site Funding	7	\$ 62,972.76	440,800	432,166	8,634	2.0%
ECS Base Instruction Class Size	6,634	\$ 716.95	4,756,200	4,837,628	(81,428)	(1.7%)
Base Instruction Class Size (Grades 1 to 3)	17,755	\$ 1,433.91	25,459,100	24,450,189	1,008,911	4.1%
Base Instruction Tier 2 Class size (Grades 10 to 12)	13,931	\$ 12.09	168,400	156,220	12,180	7.8%
Base Instruction Tier 3 Class size (Grades 10 to 12)	53,072	\$ 34.09	1,809,200	1,691,449	117,751	7.0%
Home Education	500	\$ 1,641.27	820,600	804,385	16,215	2.0%
SUBTOTAL BASE FUNDING			537,459,300	528,177,134	9,282,166	1.8%
DIFFERENTIAL COST FUNDING						
ECS Mild & Moderate			-	1,553,006	(1,553,006)	(100.0%)
ECS Program Unit Funding			26,866,900	26,977,564	(110,664)	(0.4%)
<i>Inclusive Education</i>			52,325,600	-	52,325,600	-
Severe Disabilities			-	33,908,021	(33,908,021)	(100.0%)
English as a Second Language (ESL)	13,459	\$ 1,178.10	15,856,000	14,305,830	1,550,170	10.8%
First Nation, Metis Innu (FNMI)	7,047	\$ 1,178.10	8,302,100	8,139,285	162,815	2.0%
Socio Economic Status	19,414	\$ 471.24	9,148,700	8,969,353	179,347	2.0%
Small School by Necessity			3,217,800	3,103,477	114,323	3.7%
Plant Operations and Maintenance			66,033,600	64,738,868	1,294,732	2.0%
Relative Cost of Purchasing			-	3,127,195	(3,127,195)	(100.0%)
Metro Urban Transportation			19,611,800	18,420,443	1,191,357	6.5%
ECS Special Transportation			2,039,200	1,483,359	555,841	37.5%
Transportation - Fuel Price Contingency			1,487,900	1,240,400	247,500	20.0%
Reinstate Funding (EPSB portion of \$107 million)			-	13,096,705	(13,096,705)	(100.0%)
<i>Equity of Opportunity</i>	76,718	\$ 156.00	11,968,000	-	11,968,000	-
SUBTOTAL DIFFERENTIAL COST FUNDING			216,857,600	199,063,506	17,794,094	8.9%
PROVINCIAL PRIORITY TARGETED FUNDING						
Alberta Initiative for School Improvement (AISi)	77,469	\$ 71.09	5,507,600	5,399,589	108,011	2.0%
High Speed Networking	2,748	\$ 700.00	1,923,600	1,425,912	497,688	34.9%
SUBTOTAL PROVINCIAL PRIORITY FUNDING			7,431,200	6,825,501	605,699	8.9%
OTHER PROVINCIAL SUPPORT						
Institutional Support			9,903,200	9,951,690	(48,490)	(0.5%)
Regional Education Consulting Services			3,212,400	3,149,459	62,941	2.0%
Learning Resource Credit			634,200	893,240	(259,040)	(29.0%)
Children and Youth with Complex Needs			500,000	500,000	-	0.0%
Action on Inclusion - Change Agent			-	1,967,237	(1,967,237)	(100.0%)
Student Health Initiative			1,768,700	1,768,700	-	0.0%
SUBTOTAL OTHER PROVINCIAL SUPPORT			16,018,500	18,230,326	(2,211,826)	(12.1%)
TOTAL PROVINCIAL OPERATIONAL FUNDING			777,766,600	752,296,467	25,470,133	3.4%

	Funded	2012/13	2012/13	2011/12		
	Student	Funding	Preliminary	Revised	Variance	Variance
	Count	Rates	Budget	Budget	\$	%
CAPITAL						
Debenture Interest			178,400	421,134	(242,734)	(57.6%)
Infrastructure Maintenance Renewal (IMR)			14,503,000	14,502,989	11	0.0%
SUBTOTAL CAPITAL			14,681,400	14,924,123	(242,723)	(1.6%)
OTHER PROVINCIAL GRANTS						
			4,352,100	2,962,068	1,390,032	46.9%
TOTAL GOVERNMENT OF ALBERTA						
			796,800,100	770,182,658	26,617,442	3.5%
FEDERAL GOVERNMENT AND FIRST NATIONS						
			2,785,400	2,785,442	(42)	(0.0%)
OTHER ALBERTA SCHOOL AUTHORITIES						
			1,849,800	2,012,802	(163,002)	(8.1%)
FEES						
School Fees			9,151,200	9,151,200	-	0.0%
Transportation Fees			9,458,400	9,458,421	(21)	(0.0%)
Tuition Agreements			819,600	819,611	(11)	(0.0%)
International Student Fees	191	11,000	2,101,000	2,496,043	(395,043)	(15.8%)
Metro Continuing Education Fees			2,661,000	2,660,969	31	0.0%
Textbook Rental Fees			1,721,700	1,721,700	-	0.0%
Lunch Program Fees			3,537,000	3,537,019	(19)	(0.0%)
SUBTOTAL FEES			29,449,900	29,844,963	(395,063)	(1.3%)
OTHER SALES AND SERVICES						
Sales and Services - Schools & DU's			9,534,700	11,120,980	(1,586,280)	(14.3%)
Secondments			5,684,900	5,684,933	(33)	(0.0%)
Schools Other Sales and Services			1,149,200	1,149,200	-	0.0%
SUBTOTAL SALES AND SERVICES			16,368,800	17,955,113	(1,586,313)	(8.8%)
INVESTMENT INCOME						
			500,000	500,000	-	0.0%
GIFTS AND DONATIONS						
School Gifts and Donations			2,801,500	2,801,500	-	0.0%
Other Gifts and Donations			195,500	195,493	7	0.0%
SUBTOTAL GIFTS AND DONATIONS			2,997,000	2,996,993	7	0.0%
FUNDRAISING						
			2,839,600	2,839,600	-	0.0%
RENTAL OF FACILITIES						
			2,630,500	2,632,407	(1,907)	(0.1%)
AMORTIZATION OF CAPITAL ALLOCATIONS						
			25,178,200	19,179,336	5,998,864	31.3%
TOTAL OPERATING REVENUE						
			881,399,300	850,929,314	30,469,986	3.6%
			881,399,300	850,929,314		

**EDMONTON PUBLIC SCHOOL BOARD
STUDENT ENROLMENT
2012/13 to 2011/12 Year to Year Comparison**

	2012/13	2011/12	Increase/ (Decrease)	Change
Student Enrolment	Projected	Sept 30th	(Decrease)	%
Enrolment by Division	Enrolment	Enrolment	Enrolment	
Funded Students:				
ECS	6,634	6,815	(181)	(2.7%)
Grade 1 to 3	17,755	17,222	533	3.1%
Grade 4 to 6	16,774	16,343	431	2.6%
Junior High	16,987	17,267	(280)	(1.6%)
Senior High	21,479	22,077	(598)	(2.7%)
Home Education	500	495	5	1.0%
Subtotal Funded Students	80,129	80,219	(90)	(0.1%)
Other :				
International Students	191	246	(55)	(22.4%)
Early Education- Headstart/Community	72	168	(96)	(57.1%)
Other Non Resident/Blended	203	134	69	51.5%
Subtotal Other Students	466	548	(82)	(15.0%)
Total Student Enrolment	80,595	80,767	(172)	(0.2%)

Edmonton Public Schools								
2012-2013 Budget								
Distribution of Funds								
			Option # 1			Option # 2		
			Projected	Proposed	%	Projected	Proposed	%
			2012-2013	2011-2012	Change	2012-2013	2011-2012	Change
Projected Revenue			\$ 881,399,300	\$ 850,929,314	3.6%	881,399,300	\$ 850,929,314	3.6%
School Allocations								
Base School Allocations			405,098,670	391,852,528	3.4%	405,704,035	391,852,528	3.5%
Inclusive Learning School Allocations			109,161,228	99,722,047	9.5%	108,644,398	99,722,047	8.9%
Other Supplemental School Allocations			128,281,044	127,431,229	0.7%	128,331,723	127,431,229	0.7%
School Generated Funds			22,747,500	22,725,000	0.1%	22,747,500	22,725,000	0.1%
			665,288,442	641,730,804	3.7%	665,427,656	641,730,804	3.7%
Metro Continuing Education			10,389,774	10,342,692	0.5%	10,389,774	10,342,692	0.5%
External Revenue Allocations			23,118,645	21,722,243	6.4%	23,118,645	21,722,243	6.4%
District Level Fixed Costs			67,818,492	62,826,936	7.9%	67,818,492	62,826,936	7.9%
District Level Committed Costs			62,654,265	63,026,962	-0.6%	62,779,437	63,026,962	-0.4%
			163,981,176	157,918,833	3.8%	164,106,348	157,918,833	3.9%
Central DUs			51,440,044	51,279,677	0.3%	51,484,896	51,279,677	0.4%
Total Distributed Funds			880,709,662	850,929,314	3.5%	881,018,900	850,929,314	3.5%
Unallocated			\$ 689,638	\$ -	0.0%	\$ 380,400	\$ -	0.0%