

MAY 19, 2022

## 2022-23 Budget Report: Overview

The 2022-23 Elk Island Public Schools (EIPS) Budget Report was presented to the Board of Trustees for information. Every spring, the Division prepares a budget for the upcoming school year—based on provincial funding, Alberta Education’s *Funding Manual for School Authorities: 2022-23 School Year*, projected student-enrolment numbers, corresponding staffing estimates and Board-approved budget [assumptions and allocations](#). For the most part, the spring 2022-23 budget is a conservative budget that supports the mission, values and priorities of EIPS. It also includes five key focus areas for the upcoming year: increased student-learning opportunities, new curriculum work, mental health and well-being initiatives, technology upgrades and public-health best practices. The following is a brief summary of the spring [EIPS 2022-23 Budget Report](#). The complete report is available at [eips.ca](#).

## 2022-23 Budget Report: Revenue and Expenses

In total, EIPS’ operating budget is \$202.42 million for the 2022-23 school year—a \$4.16 million increase from the previous year’s fall budget. Of that, \$193.51 million is projected to come from the Division’s annual revenues and \$8.91 million from operating reserves (see pg. 2, “Accumulated surplus and reserve use”). Overall, EIPS’ annual revenue is up by \$625,700 from the previous year. However, expenses are also up by \$4.16 million.

### EIPS REVENUE: 2022-23

For the 2022-23 school year, funding from Alberta Education is relatively the same as the current school year. Although, there are some funding changes, 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 three new school grants (see next paragraph); and
- a commitment to hold school divisions harmless for enrolment decreases resulting from the pandemic.

As mentioned, Alberta Education is introducing three new grants in 2022-23: the Student Well-Being Grant, Curriculum Implementation Grant, and Dual Credit and Enhancements for Career and Technology Studies. However, the province hasn’t released a lot of details about how it’s distributing the grant monies or any associated restrictions. As such, until more is known, EIPS plans to fund all related curriculum work from reserves. For the Student Well-Being Grant, EIPS is waiting for more information before deciding how to spend the grant money. Similarly, little is known about the dual-credit grant. EIPS will determine its plans after the province shares the information.

In addition to base and grant funding, the *Funding Manual for School Authorities* continues to use the Weighted Moving Average. That means 50% of the revenue Alberta Education provides to school divisions is based on the number of students enrolled as of Sept. 29, 2022. As such, it’s critical EIPS develops its enrolment projections carefully. An overestimate can result in clawbacks in subsequent years. And, an underestimate can mean reduced funding, not collected until the following year. For the 2022-23 school year, EIPS projects a slight drop in enrolment in September 2022—dropping to 17,121. That’s down by three students from the previous year. EIPS will continue to adjust for changing enrolment numbers until finalized in fall 2022.

Other revenue includes money to cover the lease agreements for Strathcona Christian Academy Elementary and Strathcona Christian Academy Secondary; the Mental Health Capacity Building Grant; assessments for Program



# BOARD HIGHLIGHTS

Unit Funding, completed by the deadline set by Alberta Education; School Generated Funds, which will return to normal; and monies for the Division's French programming. However, unlike the fall budget, the spring budget doesn't include funding for the Odyssey Language Program, as it's unclear how or if the province plans to support this in 2022-23.

## **EIPS EXPENSES: 2022-23**

Overall, EIPS anticipates expenses to increase to \$202.42 million in 2022-23. That's an increase of \$4.16 million from fall 2021. The primary reason: spending on the budget's five key focus areas (see pg. 1, "Overview"). And, the secondary reason: rising fuel, inflation, insurance and Federal Carbon Tax costs—the increases mainly affect Student Transportation budgets, school fees and utility costs.

In terms of staffing, the Division expects to see a slight increase in staffing, rising by approximately 1%. In total, EIPS projects the number of full-time equivalent (FTE) employees working within the Division to increase by 12.53 FTE to 1,318.29 FTE.

For school allocations, these will drop slightly from the previous year—mostly because of lower standard costs. EIPS expects certificated standard costs to drop by 1.8%, 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, allocations for EIPS Central Services departments will increase to account for higher utility, insurance, fuel, carbon tax and cleaning expenses. Departments will also use the additional allocations to provide added support to schools related to student-learning opportunities, the new curriculum, mental health and well-being, technology and public-health best practices.

Overall, instructional costs comprise 79.6% of the total budget, equating to \$9,751 per student. And, system administration spending adds up to 2.2% (\$4.42 million) of total expenses, which is below the \$6.3-million grant provided by Alberta Education. All unused funds will go toward other Divisional uses—as per the guidelines listed in the *Funding Manual for School Authorities*.

## **2022-23 Budget Report: Accumulated surplus and reserve use**

EIPS projects an accumulated deficit of \$2.3 million, as of Aug. 31, 2023. The accumulated deficit comprises investment in tangible capital assets, operating reserves, capital reserves, and asset-retirement obligation. The reason for the accumulated deficit is the asset retirement obligation of \$14.83 million. It's a new accounting standard requirement and 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. EIPS isn't required to fund the obligation operationally but does record the cost as part of the investment in tangible capital assets. Hence, the overall net deficit.

However, it's more accurate to look at the accumulated surplus from operations, excluding the asset retirement obligation. When viewed this way, the accumulated surplus remains positive, meaning the Division's reserves are adequate to cover the budgeted operating deficit. So, excluding the asset retirement obligation, EIPS' projected accumulated surplus is \$12.53 million, as of Aug. 31, 2023. The surplus includes operating reserves (\$4.82 million), capital reserves (\$1.44 million) and investment in tangible capital assets (\$6.27 million). Additionally, the projected Division Unallocated Reserve is \$3.92 million, which when combined with other operating reserves is within the province's operating reserve limit.

### **OPERATING RESERVES**

To access operating reserves, EIPS must follow rules set out by Alberta Education—specifically two. First, the Division can only access operating reserves indicated in the spring budget. If more is needed, it requires

ministerial approval. Second, and new for 2022-23, the province has defined an operating reserve limit for school divisions. Essentially, all Alberta-based school boards now must ensure their operating reserves are within a certain percentage of their operating expenses. The percentage depends on the size of the school division. Any amount above the set percentage must be returned to Alberta Education in December 2023. For EIPS, that limit is 3.15%, or roughly \$6.07 million—calculated on audited expenses, as of Aug. 31, 2022.

As noted previously, EIPS plans to use \$8.91 million in operating reserves in 2022-23. Of that, \$2.48 million schools and departments will use to support student learning. Another \$6.43 million the Division will use to cover costs for the Focus on Unfinished Learning initiative, new curriculum work, consultant support, mental health strategic plan, technology upgrades, public-health best practices, and various one-time projects.

## CAPITAL RESERVES

In addition to operating reserves, the Division anticipates using up to \$1.04 million in capital reserves to replace ageing equipment, purchase technology, modernize and expand two Career and Technology Studies kitchens, and cover costs for the building-management system and various capital projects.

## THREE-YEAR OPERATING RESERVE PROJECTION

To ensure the Division has access to needed funds and the operating reserve limit stays within the required 3.15% of operating expenses, the Board developed a thorough three-year plan for its reserve usage. In addition to the reserve projects for the 2022-23 school year, the plan includes:

- In 2023-24, using \$1.14 million from Division Allocated Reserves to fund continued efforts to implement the EIPS Mental Health Strategic Plan and various projects to support operations.
- In 2024-25, using \$1.07 million from Division Allocated Reserves to fund the startup costs for a Sherwood Heights Junior High and École Campbelltown replacements school (\$420,000) and operations support (\$650,000).

Overall, the spring EIPS 2022-23 Budget Report allows the Division to target resources to ensure student success—not only in their educational experience, but also in their after-school lives by investing in health and wellness initiatives, technology and infrastructure. Once the Board approves the spring 2022-23 EIPS Budget Report, the Division will submit it to the province for review and schools and departments will begin planning for the upcoming school year.

*NOTE: As with all budgets, any changes to funding, reserve usage, enrolment numbers and standard costs can affect the initial budget. As such, in the fall, EIPS will update its 2022-23 budget—no longer a provincial requirement—with the final student-enrolment numbers, revenue and expense variations, carryforward amounts and any reserve spending changes.*

## Board Members

Trina Boymook, *Chair* | Colleen Holowaychuk, *Vice-Chair* | Cathy Allen | Randy Footz | Don Irwin | Susan Miller | Jim Seutter | Jacqueline Shotbolt | Ralph Sorochan

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