



## MEMORANDUM

April 12, 2022  
Regular Board Meeting

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<b>TO</b>	Board of Trustees
<b>FROM</b>	Eric Cameron, Audit Committee Chair
<b>ORIGINATOR</b>	Scott McFadyen, Associate Superintendent
<b>RESOURCE</b>	Jason Krefting, Director Financial Services
<b>GOVERNANCE POLICY</b>	Board Policy 2: Role of the Board Board Policy 8: Board Committees Board Policy 12: Role of the Superintendent
<b>ADDITIONAL REFERENCE</b>	BP 2: Resource Stewardship BP 8: Appendix 8.5 Audit Committee The Education Act
<b>SUBJECT</b>	<b>2022-2023 BUDGET ASSUMPTIONS</b>

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### PURPOSE

For approval. Recommendation required.

### RECOMMENDATION

That the Board of Trustees approve the Budget Assumptions for 2022-2023 as recommended by the Audit Committee and presented at the Regular Meeting of April 12, 2022.

### BACKGROUND

The Board of Trustees reviews and approves the budget on an annual basis, performs Board functions required by governing legislation and Ministerial directives, and is responsible to adhere to the Board Annual Work Plan. The Board is required to provide a 2022-2023 budget to Alberta Education by May 31st. These assumptions are used to develop the budget. The 2022-2023 budget assumptions provide information to support these responsibilities.

**REPORT SUMMARY**

The budget assumptions for the 2022-2023 school year provide the assumptions that the budget is built around these assumptions include key components of the budget including revenues, allocations to schools, enrolments, and key expenditures including staffing.

Administration or members of the Audit Committee would be pleased to respond to any questions.

SM:rg



**Parkland School Division  
2022-2023- Budget  
Budget Assumptions – April 2022**

The following table outlines the assumptions used in developing the 2022-2023 operating budget for Parkland School Division (PSD), the basis for the assumption and the risk associated if the assumption is not correct.

Category	Assumption	Basis for Assumption	Associated Budget Risk
<b>COVID-19</b>	The Covid-19 Pandemic will have a limited impact on operations and funding for the September 1, 2022 school year.	The provinces intent to return to normal.	Risk is high as it is unknown if the province will return to normal.
<b>Operating Reserves</b>	The Division maintains operating reserves within the caps identified by Alberta Education.	PSD is required to have a minimum operating reserve balance of 1% of the prior year's total operating expenses and a maximum of 3.15% of the prior year's operating expenses.	Risk is high as the Division requires Ministerial approval to access operating reserves that will be requested as part of the annual budget submission in the spring. It is assumed the Division will receive approval for the use of reserves. The reserve limit will be calculated using 3.15% multiplied by the Total Expenses as per the August 31, 2022 Audited Financial Statement (AFS). The AFS will not be known until November 2022. Any reserves in excess of the reserve limits will be clawed back by Alberta Education.
<b>Alberta Government Funding</b>	Funding is calculated based on the 2022-2023 funding manual.	The funding manual drives the methodology for determining the Provincial funding for PSD.	The risk is high as the provincial government provides 95% of the Division's funding and any changes to provincial funding manual could have a significant impact on PSD.



**Parkland School Division  
2022-2023- Budget  
Budget Assumptions – April 2022**



Category	Assumption	Basis for Assumption	Associated Budget Risk
<b>Enrolment</b>	<p>The Division enrolments are projected to be 12,271 students an increase of 315 students or 2.6% over the September 30, 2021 enrolments.</p>	<p>The Division enrolments have been estimated by advancing students by one grade and applying the average change from grade to grade over the last 5 years. Pre-kindergarten and kindergarten enrolments were based on historical numbers and discussions with the Director of the Early Learning Department.</p>	<p>The risk is high as funding is based on the WMA enrolment, growth is not fully funded until the third year a student enters our Division.</p>
<b>Teacher compensation</b>	<p>Average teacher compensation (salary + Benefits) is \$103,409 excluding the Alberta Teachers' Retirement Fund (ATRF) Pension of \$9,957.</p> <p>The previous compensation rate budgeted was \$102,054 excluding ATRF.</p>	<p>Actual salaries based on the current collective bargaining agreement, plus forecasted benefit rates and changes on the grid. Changes in collective bargaining negotiated centrally will be covered off by Alberta Education.</p> <p>The ATRF pension is not included in the Division's average cost as it is fully funded by the government.</p> <p>Benefit rates include the following changes over the prior year:</p> <ul style="list-style-type: none"> <li>Canada Pension Plan-Cap ↑ \$2,000, Rate ↑ 4.4%</li> <li>Life Insurance ↑ 10% (Rate ↔ 0%, Discount ↓ 10%)</li> <li>Extended Disability ↑ 15% (Rate ↑ 5%, Discount ↓ 10%)</li> <li>Extended Health ↑ 10.8% (Rate ↑ 10.8%)</li> <li>Dental ↑ 6.7% (Rate ↑ 6.7%)</li> <li>Vision ↑ 7.1% (Rate ↑ 7.1%)</li> </ul>	<p>Risk is high as a new round of bargaining has started and the salary and benefit structure could change. Also, the mix between new and experienced teachers changes.</p>



**Parkland School Division  
2022-2023- Budget  
Budget Assumptions – April 2022**



Category	Assumption	Basis for Assumption	Associated Budget Risk
<b>Allocation Model</b>	The Division has an allocation model to distribute revenues to our schools in an equitable manner using a combination of a fixed and variable allocations	The fixed allocation provides every school regardless of size and location the resources to provide a quality education. The variable allocation provides funding for each student above a base threshold. Other allocations provide funding to address areas that the Division has identified as requiring additional support (K-4, FNMI, CTF, Inclusion).	The risk is moderate as funding is based on the funding manual and the allocations are based on Division needs.
<b>Federal Government Funding</b>	Funding is calculated based on the average of the actual rates received in 2021-22, the funding manual for 2022-23 and the number of students who are expected to attend for the 2022-23 school year.	The federal government calculates the funding based on the Alberta Education funding manual.	The risk is moderate as the actual Federal rates are based on multiple variables and actual enrolments. The final calculation including the rate and the number of students is not available until February or March of the following year.
<b>Fees</b>	School and Transportation fees are set at cost recovery.	The sites forecast fee for the following year based on the best information available at the time.	<p>The risk is moderate for Transportation fees as the fees are increasing but currently not at full cost recovery and final ridership is unknown.</p> <p>The risk is low for School fees as they are charged on a cost recovery basis and expenditures are adjusted as needed.</p>



**Parkland School Division  
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Category	Assumption	Basis for Assumption	Associated Budget Risk
<b>Inclusive Education</b>	The Division allocates funding to the schools and Student Supports and Services to support Inclusive Education and diversity within PSD.	Inclusive Education funds are allocated to support all students within PSD. The funds are used for support and services needed to effectively program for our students. Some examples of supports and services include STEP classrooms and Relating Everyday Academics & Life Skills (REAL) Program, identified supports, professional development for staff and adapted materials.	Risk is moderate as identified needs continue to grow and put pressure on existing resources, that may require allocations from other priorities.
<b>Human Resources</b>	Staffing will be budgeted by site based on the staffing requirements determined by the site administrator to meet the needs of the students within the allocations provided to the schools.	Staffing decisions are made according to availability of resources and delivery of educational programming and services.	Risk is moderate as staffing will be based on projected enrolments and school allocations.
<b>Transportation Program</b>	Transportation operates within its funding envelope (grants and fees).	The cost of running the regional transportation system will be supported through transportation grants and transportation user fees. Service will be adjusted as required to operate within the funding envelope.	Risk is moderate, variables include ridership, fuel costs, contractor costs and insurance.



**Parkland School Division  
2022-2023- Budget  
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<b>Category</b>	<b>Assumption</b>	<b>Basis for Assumption</b>	<b>Associated Budget Risk</b>
<b>Operations &amp; Maintenance / Infrastructure Maintenance Renewal Funding</b>	Operations & Maintenance will operate within the funding received for both operating and Infrastructure Maintenance Renewal(IMR)	Operations and Maintenance will adjust projects and services based on the amount of available funding.	Risk is Moderate due to inflation, supply chain issues and rising utility costs.
<b>System Administration</b>	System and Administration is capped and the Division must operate within the cap	System and Administration spending is restricted as per the funding manual.  System and Administration covers Board Governance, Office of the Superintendent including Instructional Service/Educational Administration, Business Administration, General Services Management and the administrative building.	Risk is moderate as the Division manages the expenditures within this program through the budgeting process and regular forecasts, inflation.
<b>Services and Supplies Costs</b>	It is assumed that goods and services costs will increase in 2022-2023. Sites will budget costs within their given allocations.	Inflation has been trending at decade high numbers due to supply chain challenges and Covid issues.	Risk is moderate, inflation could increase or decrease based on external factors.
<b>Insurance</b>	Rates increases will be at inflationary level	The Division's insurance reciprocal (ARMIC) expects rate increases to inflationary levels.	Risk is moderate. ARMIC's rates could change based on the plans claim history and catastrophic events across the globe.
<b>Utilities</b>	Utilities have been budgeted based on estimated consumption and current rates.	Current contract rates were used and consumption was estimated based on past experience.	Risk is moderate as a portion of rates are based on market rates.



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<b>Teacher-Pension Costs</b>	Employer contributions for ATRF contributions are made by the Provincial Government. Annual cost per teacher based average salary is \$9,957.	The ATRF rate is assumed to remain the same at 10.87% for 2022-2023 .	Risk is low.  ATRF is fully funded by Alberta Education.
<b>Support Staff-Compensation</b>	Average costs will be budgeted on current salaries.  IUOE employees will be budgeted with a 2% increase as per their collective agreement. No other changes are anticipated.  Benefits will be budgeted based on forecasted rates by group (CAAMSE, IUOE, Non-union Group and Executive)	Average salaries are used for all school-based positions and are determined by using actual salaries for current staffing.  Benefit rates include the following changes over the prior year: Canada Pension Plan-Cap ↑ \$2,000, Rate ↑ 4.4% Life Insurance ↓ 2.4% Accidental Death/Dismemberment ↑ 16.7% Long-term Disability ↑ 11.0% Extended Health ↑ 1.4% Dental ↑ 8.9%	Risk is low.  The Central Alberta Association of Municipal & School Employees (CAAMSE) collective agreement expires August 31, 2023.  The International Union of Operating Engineers (IUOE) collective agreement expires August 31, 2023. The IUOE employees will be receiving a 2% wage increase in 2022-2023.