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## MEMORANDUM

April 11, 2023  
Regular Board Meeting

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**TO** Board of Trustees

**FROM** Jill Osborne, Audit Committee Chair

**ORIGINATOR** Scott McFadyen, Associate Superintendent

**RESOURCE** Jason Krefting, Director Financial Services

**GOVERNANCE POLICY** Board Policy 2: Role of the Board  
Board Policy 8: Board Committees  
Board Policy 12: Role of the Superintendent

**ADDITIONAL REFERENCE** BP 2: Resource Stewardship  
BP 8: Appendix 8.5 Audit Committee  
The Education Act

**SUBJECT** **2023-2024 BUDGET ASSUMPTIONS**

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### PURPOSE

For approval. Recommendation required.

### RECOMMENDATION

That the Board of Trustees approve the Budget Assumptions for 2023-2024 as recommended by the Audit Committee and presented at the Regular Board Meeting of April 11, 2023.

### 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 2023-2024 budget to Alberta Education by May 31st. These assumptions are used to develop the budget. The 2023-2024 budget assumptions provide information to support these responsibilities.

**REPORT SUMMARY**

The budget assumptions for the 2023-2024 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  
2023-2024- Budget  
Budget Assumptions – April 2023**

The following table outlines the assumptions used to develop the 2023-2024 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>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 audited operating expenses and a maximum of 3.20% of the prior year's audited 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. 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 2023-2024 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.
<b>Enrolment</b>	The Division enrolments are projected to be 12,570 students an increase of 218 students or 1.8% over the September 30, 2022 enrolments.	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.	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.



**Parkland School Division  
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Category	Assumption	Basis for Assumption	Associated Budget Risk
<b>Support Staff-Compensation</b>	<p>Average costs will be budgeted on current salaries.</p> <p>Benefits will be budgeted based on forecasted rates by group (CAAMSE, IUOE, Non-union Group and Executive)</p>	<p>Average salaries are used for all school-based positions and are determined by using actual salaries for current staffing.</p> <p>Benefit rates include the following changes over the prior year:            Canada Pension Plan (CPP)-Cap ↑ \$2,000,            CPP Enhancement Program- Rate ↑ 4.0% on next \$4,700 above cap,            Life Insurance ↔ 0.0%            Accidental Death/Dismemberment ↔ 0.0%            Long-term Disability ↑ 5.0%            Extended Health ↑ 5.0%            Dental ↑ 5.0%</p>	<p>Risk is high.</p> <p>The Central Alberta Association of Municipal &amp; School Employees (CAAMSE) collective agreement expires August 31, 2023.</p> <p>The International Union of Operating Engineers (IUOE) collective agreement expires August 31, 2023.</p>
<b>Transportation Program</b>	<p>Transportation operates within its funding envelope (grants and fees).</p>	<p>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.</p>	<p>Risk is high, a new funding model has been announced for the 2023-2024 school year. Changes in ridership take effect September 1, 2024. Other variables, including ridership and the impacts of inflation elevate the risk.</p>



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	<b>Category</b>	<b>Assumption</b>	<b>Basis for Assumption</b>	<b>Associated Budget Risk</b>
<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 and Educational Administration, Business Administration, General Services Management and the administrative building.	System and Administration spending is restricted as per the funding manual.	Risk is high as the ministry has to approve all allocations to capital reserve impacting our ability to meet administrative capital requirements.
<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.	The risk is high for Transportation fees as final ridership is unknown and the impact of inflation could change rapidly along with changes in funding from the Government of Alberta will cause PSD to look at all of the transportation rates  The risk is low for School fees as they are charged on a cost recovery basis and expenditures are adjusted as needed.	The risk is high for Transportation fees as final ridership is unknown and the impact of inflation could change rapidly along with changes in funding from the Government of Alberta will cause PSD to look at all of the transportation rates  The risk is low for School fees as they are charged on a cost recovery basis and expenditures are adjusted as needed.



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Category	Assumption	Basis for Assumption	Associated Budget Risk
<p><b>Teacher compensation</b></p>	<p>Average teacher compensation (salary + Benefits) is \$108,483 excluding the Alberta Teachers' Retirement Fund (ATRF) Pension of \$9,442. This rate includes the increase of 2.00% in September 2023.</p> <p>The previous compensation rate budgeted was \$103,409 excluding ATRF. This rate did not include the 0.50% in June 2022 or the 1.25% in September 2022, due to the contract being finalized after the budget was approved.</p>	<p>Actual salaries based on the current centrally negotiated items and the collective bargaining agreement, plus forecasted benefit rates and changes on the grid. The increase in ATA salary is covered by the Government of Alberta.</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:            Canada Pension Plan-Cap ↑ \$2,000,            CPP Enhancement Program- Rate ↑ 4.0% on next \$4,700 above cap,            Life Insurance ↑ 5%            (Rate ↔0%, Discount ↓ 5%)            Extended Disability ↑ 8.4% (Rate ↑ 3.4%, Discount ↓ 5%)            Extended Health ↑ 18.8% (Rate ↑ 18.8%)            Dental ↑ 6.5% (Rate ↑ 6.5%)            Vision ↔0.0% (Rate ↔ 0.0%)</p>	<p>Risk is moderate as a new round of local bargaining has started. Also, the mix between new and experienced teachers changes.</p>



**Parkland School Division  
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<b>Category</b>	<b>Assumption</b>	<b>Basis for Assumption</b>	<b>Associated Budget Risk</b>
<b>Allocation Model</b>	The Division has an allocation model to distribute revenues to our schools in an equitable manner using a combination of 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>COVID-19</b>	The Covid-19 Pandemic will have a limited impact on operations and funding for the September 1, 2023 school year.	Most Covid-19 protocols have been removed.	Risk is moderate as it is unknown if there will be future impacts due to Covid-19.
<b>Federal Government Funding</b>	Funding is calculated based on the average of the actual rates received in 2022-23, the funding manual for 2023-24 and the number of students who are expected to attend for the 2023-24 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>Inclusive Education</b>	The Division allocates funding to the schools and Student Supports and Services to support Inclusive Education 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 specialized programs (eg, STEPS classrooms and Relating Everyday Academics & Life Skills (REAL) Program), specialized learning 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.



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Category	Assumption	Basis for Assumption	Associated Budget Risk
<b>Athabasca Delta Community School (ADCS)</b>	The school will operate within the funding envelope provided through Alberta Education and tuition paid by Athabasca Chipewyan First Nation and Mikisew Cree First Nation.	The Division has a funding arrangement for ADCS with Alberta Education and tuition agreements with the aforementioned First Nations Bands with students attending the school. Budgets for the school and supporting departments will be done based on the anticipated revenues through these agreements.	Risk is moderate as the actual September enrolments are unknown at the time the budgets are created and the Division is still in its first year of operating the school at the time of this budget. Risks are offset by the tuition agreements.
<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>Services and Supplies Costs</b>	It is assumed that goods and services costs will increase in 2023-2024. Sites will budget costs within their given allocations.	Inflation has been trending at decade high numbers due to supply chain challenges and Covid-19 issues.	Risk is moderate, inflation will decrease purchasing power.
<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>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 low as funding increase will help to offset inflation, supply chain issues and rising utility costs.