



MEMORANDUM

April 9, 2024
 Regular Board Meeting

TO Board of Trustees

FROM Eric Cameron, 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 **2024-2025 BUDGET ASSUMPTIONS**

PURPOSE

For approval. Recommendation required.

RECOMMENDATION

That the Board of Trustees approves the Budget Assumptions for 2024-2025 as recommended by the Audit Committee and presented at the Regular Meeting of April 9, 2024.

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 2024-2025 budget to Alberta Education by May 31st. These assumptions are used to develop the budget. The 2024-2025 budget assumptions provide information to support these responsibilities.

REPORT SUMMARY

The budget assumptions for the 2024-2025 school year provide the assumptions that the budget is built around. The 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.

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**Parkland School Division
2024-2025- Budget
Budget Assumptions – April 2024**

The following table outlines the assumptions used to develop the 2024-2025 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
Alberta Government Funding	Funding is calculated based on the 2024-2025 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.
Enrolment	The Division enrolments are projected to be 12,714 students an increase of 227 students or 1.8% over the September 29, 2023 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. As the enrolment projections are provided to Alberta Education in December 2023, PSD may adjust the enrolments as schools forecast their enrolments based on registrations.



**Parkland School Division
2024-2025- Budget
Budget Assumptions – April 2024**



Category	Assumption	Basis for Assumption	Associated Budget Risk
Support Staff- Compensation	<p>Average costs will be budgeted on current salaries.</p> <p>Benefits will be budgeted based on forecasted rates by group (CUPE, 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 ↑ \$1,900, CPP Enhancement Program- Rate ↑ 4.0% on next \$4,700 above cap, Life Insurance ↔ 0.0% Accidental Death/Dismemberment ↔ 0.0% Long-term Disability ↑ 3.0% Extended Health ↑ 7.6% Dental ↑ 4.9% Local Authorities Pension Plan ↔ 0.0%</p>	<p>Risk is high.</p> <p>The Canadian Union of Public Employees (CUPE) collective agreement expired August 31, 2023.</p> <p>The International Union of Operating Engineers (IUOE) collective agreement expires August 31, 2024.</p>



**Parkland School Division
2024-2025- Budget
Budget Assumptions – April 2024**



Category	Assumption	Basis for Assumption	Associated Budget Risk
<p>Teacher compensation</p>	<p>Average teacher compensation (salary + Benefits) is \$110,435 excluding the Alberta Teachers' Retirement Fund (ATRF) Pension of \$9,540.</p> <p>The previous compensation rate budgeted was \$108,483 excluding ATRF.</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 ↑ \$1,900, CPP Enhancement Program- Rate ↑ 4.0% on next \$4,700 above cap, Life Insurance ↑ 5% (Rate ↔0%, Discount forfeit of 5%) Extended Disability ↑ 5% (Rate ↔0%, Discount forfeit of 5%) Extended Health ↑ 10.7% (Rate ↑ 10.7%, Discount remains at 5%) Dental ↑ 12.0% (Rate ↑ 12.0%, Discount remains at 5%) Vision ↔0.0% (Rate ↔ 0.0%, Discount remains at 5%)</p>	<p>Risk is high as a new round bargaining is set to start as the current contract expires August 31, 2024. Also, the mix between new and experienced teachers changes.</p>
<p>Transportation Program</p>	<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, It is the second year for the new funding model that was announced for the 2023-2024 school year. Changes in ridership rules have been postponed and will take effect September 1, 2025. Other variables, including ridership and the impacts of inflation elevate the risk.</p>



**Parkland School Division
2024-2025- Budget
Budget Assumptions – April 2024**



	Category	Assumption	Basis for Assumption	Associated Budget Risk
System Administration	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 Division does not have very much flexibility to meet emergent items within the administration program including union agreements and higher costs due to inflation.
Fees	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.	



**Parkland School Division
2024-2025- Budget
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Category	Assumption	Basis for Assumption	Associated Budget Risk
Operating Reserves	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 6.00% of the prior year's audited operating expenses.	Risk is Moderate as the reserves available to the Division are limited due to the maximum and minimum reserve requirements. This provides less flexibility from one year to the next and any reserves in excess of the operating reserve limits will be clawed back by Alberta Education.
Allocation Model	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.
Federal Government Funding	Funding is calculated based on the average of the actual rates received in 2023-24, the funding manual for 2024-25 and the number of students who are expected to attend for the 2024-25 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.



**Parkland School Division
2024-2025- Budget
Budget Assumptions – April 2024**



Category	Assumption	Basis for Assumption	Associated Budget Risk
Inclusive Education	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.
Athabasca Delta Community School (ADCS)	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 in its second year of operating the school at the time of this budget. Risks are offset by the tuition agreements.
Human Resources	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.
Services and Supplies Costs	It is assumed that goods and services costs will increase in 2024-2025. Sites will budget costs within their given allocations.	Inflation has been trending at decade high numbers.	Risk is moderate, inflation will decrease purchasing power.



**Parkland School Division
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Category	Assumption	Basis for Assumption	Associated Budget Risk
Insurance	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.
Utilities	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.
Operations & Maintenance / Infrastructure Maintenance Renewal Funding	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.