



# Information on Budget Reductions for Parents

## Situation

In late August, first quarter fiscal highlights were released by the Government of Alberta. They showed a deficit forecast for 2009/10 of \$6.9 billion, an increase to the deficit of \$2.2 billion from the April provincial budget. The deficit was due to lower natural gas prices, a higher Canadian dollar and other declining revenue. Below is information about the provincial budget and what it will mean for the education of children in Alberta.

## Provincial Government Fiscal Information

- In the face of lower revenues, ministries are being asked to find a total of \$430 million in savings from this year's budget. Every department was asked to see what can be done more effectively and efficiently and find creative solutions that help address the budget challenges.
- Education Minister Dave Hancock met with all school board chairs and superintendents in early September to discuss the budget challenges. Education Ministry staff will continue to meet with school superintendents and secretary-treasurers during October to work together to come up with suggestions to deal with the fiscal challenges facing Alberta's education system.
- Alberta Education must find a total of \$80 million for the 2009/2010 fiscal year. Part of this shortfall will be funded by the Ministry internally. The Ministry already reduced its supplies and services budget by \$14.6 million or 25 per cent through the original Budget 2009 process. An additional \$24 million in savings was identified through a freeze on hiring, discretionary spending and by slowing down or delaying initiatives or projects. This offsets the impact of the reductions from school boards.
- Strategies that would minimize the impact on students, teachers and school authorities and would maintain equity of opportunity for students were adopted. As a result, three grants were adjusted: Relative Cost of Purchasing Goods and Services (RCPA), Socio-Economic Status (SES) and Fuel Price Contingency.
- The remaining shortfall to Alberta Education for 2009-2010 will come from the more than \$400 million in surplus funds that school authorities were reporting. All school boards are ensured of 3.25% surplus reserves for operating emergencies. No board will be asked to contribute more than 11% of their surplus funds, and in many cases less. This approach helps Alberta Education meet their budget target while reducing the negative effects on students, teachers and school authorities.



- Education stakeholders will be participants as the Ministry engages the education community in a consultation to plan for Budget 2010-2011. We need to work collaboratively to identify savings. And it is important that education partners are part of the solution to the difficult circumstances we all face.
- Less than two per cent of the Ministry's budget accounts for the \$5.4 billion operating budget. Most of the funding flows through to school boards, charter schools and accredited funded private schools. Therefore of the \$80 million reduction, \$56 million will come from the education system.
- School board chairs will meet again with the Education Minister in November and hear the outcomes of the administrators meetings.

## How the Edmonton Catholic School District is Responding

- Because of the provincial government's fiscal announcement, the Edmonton Catholic School District has two challenges; to balance the 2009/10 budget by the end of November (when district budgets are due to the province) and also to prepare the 2010/2011 budget based on Education Minister Hancock's remarks that significant changes to the allocation of resources will result for that budget year and beyond.
- Based on the 2007-2008 Audited Financial Statements, the Edmonton Catholic School District is being clawed back \$341,000. This follows a request from the Education Minister in late August for all school districts to return no more than 11% of school district reserves in an attempt to help cover the funding shortfalls to the Alberta Education budget.
- Budget implications are being discussed with a final budget for 2009-2010 to go forward by November 30, 2009.
- Following the approval of the 2009-2010 budget by the Board of Trustees, work will commence on the 2010-2011 budget.
- Parents and staff will receive information about the District response to the budget challenges.
- These funding challenges are also an opportunity to examine our current practices and determine what is most valued to support learning outcomes for our students.



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