

Budget 2013-14 – Alberta Education Information

Under Budget 2013, support to the education system including opted-out education property tax revenue and capital spending reaches \$7.0 billion – a significant investment in students of \$35 million every school day. Government is maintaining the programs and services Albertans need most, including education.

Under this budget, operating support to school boards increases by \$45 million or 0.7 per cent over the previous year. This increase will support the following:

- Finish the last five months of the 2012/2013 school year (with two exceptions). Specifically, this budget sustained funding for the significant enrolment increases of 2.3 per cent (or over 12,000 new students) from the previous school year. This budget maintains grant rate increases – one per cent increase in Base Instruction and Class Size, and two per cent increase in all other grants – provided to boards in September 2012 under Budget 2012.
- Provide funding to school boards for the first seven months of the 2013/2014 school year which includes the necessary support to address expected student enrolment increases and other changes in student demographics.

Student enrolment growth has been accommodated. Enrolment growth is forecast to increase by 1.9 per cent or 10,900 new students for the 2013/2014 school year. We also expect the number of Early Childhood Services children entering the education system to grow by three per cent, a three per cent increase in First Nations, Métis and Inuit students, and the number of Early Childhood Services children with disabilities to increase by six per cent.

Key Highlights of Budget 2013

- \$470 million for the continued operations and maintenance of school buildings through the plant operations and maintenance grant.
- \$353 million for contributions to Teachers' Pension Plan.
- \$273 million to maintain support for student transportation services.
- \$248 million for the class size initiative, bringing total government support for the initiative to \$1.9 billion since 2004/2005.
- \$110 million for Equity of Opportunity and Innovative Access initiatives.
- \$50 million for the student health initiative, which will transition to the new Regional Collaborative Service Deliver model in September 2013.

Grant Rates for 2013/2014

There will be no grant rate increases for the Base Instruction grant for the next three years. However, government remains committed to Inclusive Education and the Small Class Size Initiative, each of which will receive a two per cent grant rate increase for each of the next

three years. All remaining funding framework grants will also receive no rate increases in the 2013/2014 school year.

Inclusive Education

Government continues to honour its commitment to Inclusive Education by providing a two per cent grant rate increase for each of the next three years. Transition funding – implemented in Budget 2012 with the new Inclusive Education grant – will be renamed as Program Equity funding, and will be in place over the period of the 2013-2016 business plan, during which time the Funding Framework will be reviewed through Results Based Budgeting.

Equity of Opportunity

Government is committed to providing equitable access of educational programs to all students. The \$107 million additional funding introduced in 2011 will grow to \$110 million under Budget 2013. This grant has been restructured to recognize the unique challenges faced by rural school boards due to declining enrolment, while providing equitable educational opportunities for rural Alberta students.

Class Size Initiative

Our focus on reducing class sizes continues to be in Kindergarten to Grade 3 where small class sizes make the most difference and where progress is still needed. In this budget, Class Size funding increases by \$14.5 million or 6.2 per cent to \$248 million. This increase will support a two per cent grant rate increase as well as the expected increases in the number of Kindergarten to Grade 3 students. Government has invested more than \$1.9 billion since inception of this initiative in 2004/2005.

School jurisdictions will once again be required to use their September 30 enrolment data for class size reporting, submit their data to the department for verification through the online Class Size Information Survey Tool and include their results in their Annual Education Results Report (AERR).

Fiscal Challenges

Budget 2013 reflects a challenging fiscal climate while continuing to fund core programs and initiatives for K to 12 education. We are putting money where it can be most effective and make the biggest difference in the education of Alberta's young people.

This year's budget reflects our commitment to a learner-centered education system and lays the groundwork for transformation that will bring the vision of Inspiring Education to life: Students who are Engaged Thinkers and Ethical Citizens with Entrepreneurial Spirit.

Ministry Administration Spending

Alberta Education recognizes that the Ministry must be part of the solution to deal with the fiscal challenges and, therefore, reductions must be made internally.

Under Budget 2013, the Ministry administration budget will be reduced by \$18.5 million, or nearly 15 per cent through internal administration restructuring. The savings will be realized by reprioritizing initiatives to align with the vision of Inspiring Education. The ministry is looking for internal efficiencies by reducing supplies, equipment and services spending, including contracts and conditional grants. These strategies will result in staff level reductions of 51 full time equivalent (FTE) positions and 35 secondment positions.

However, less than two per cent of Alberta Education's budget supports the administration of the Ministry. We are limited in the amount of reductions that can be accommodated internally. Additional savings must come from changes to the Funding Framework. We considered strategies that would minimize the impact of students, teachers and school jurisdictions while maintaining the principles of the funding framework, particularly equity, flexibility and accountability.

Changes to Funding Framework

In order to meet our budget requirements for the 2013/2014 fiscal year, we will first update grants to best reflect the vision of Inspiring Education and to honour Government's commitment in Inclusive Education and Class Size. Secondly, the fiscal strategy will focus on school board administration spending, promoting efficiency through collaborations among stakeholders and allocating maximum resources into the classrooms.

Education's funding framework provides the flexibility for locally elected school boards to allocate funding in the way they believe will be best to improve student outcomes. Parents and members of local communities are encouraged to become involved so their trustees know and appreciate their local priorities.

- **Equity of Opportunity** – This grant was introduced under Budget 2012 to address the need for equitable access to education programs for all students, recognizing the costs of providing services for students who are located in remote rural areas. There are three components under the funding formula: per-student, distance and low student density funding. Under Budget 2013, a portion of the per-student funding is reallocated to the distance and low student density funding to recognize the additional costs associated with providing services to rural students.
- **Small Schools by Necessity (SSBN)** – This grant provides funding to address the higher costs associated with operating schools with low enrolments, where it is not feasible to transport students from these schools to others in the same school jurisdiction due to distance and capacity constraints. Effective for the 2013/2014 school year, the funding model will be updated by removing the metro component, and metro boards will no longer be eligible for this funding.

In recent years, the metro school boards have been faced with student population growth. Government has made significant investments in new schools to deal with the enrolment pressures. The SSBN model is a funding allocation methodology only; locally

elected trustees and school jurisdictions have flexibility to determine which schools to operate and how to best meet the needs of students.

- **Plant Operations and Maintenance (POM) Funding** – Since the introduction of the Inclusive Education funding model, we will begin to transition away from linking funding to coding of students, such as severe disability profiles. The Plant Operations and Maintenance Funding will be updated to align with the policy shift to Inclusive Education. The weighted factor based on old severe disability profiles will be removed from the funding formula.
- **High School Funding** – The current learning is mainly structured by the Carnegie Unit, where educational experience is measured by time spent in class by both teachers and students without recognizing the unique needs, strengths, challenges and passion of individual learners.

For learners to achieve their full potential, education must make the child the centre of decisions related to learning and education. The learning process should move away from the one size fits all model and move into the individual needs and learning styles and challenges of each individual. Transformation has begun in Alberta high schools, in particular with the High School Flexibility Enhancement Project (HSFEP), with in-depth critical analysis of current practice and culture of schooling of Alberta high schools.

Over the next two years, the Department will review the current high school funding model in conjunction with the learning from HSFEP and the Results Based Budgeting initiative. A new model should align funding to student outcome rather than focusing on teacher and student time in the class. The funding model should provide certainty of funding to allow for flexibility in the delivery of personalized learning while being responsive to high achieving schools and students.

In the short term, the following changes will take place for high school funding beginning in September 2013:

- **Update High School Funding Rates** – Currently a number of high school courses, including work experience and special projects, are funded at the same level as other high school courses. These courses provide learning flexibility while requiring less teacher-student interaction. For the 2013/2014 school year, Tier Four credit enrolment units (CEUs) will be introduced, and will be funded at \$112.48 per CEU to reflect the lower level of teaching interactions required for these courses.
- **Alberta Distance Learning Centre (ADLC) Courses** – Under the current funding model, courses taken through ADLC are funded at 156 per cent of the Credit Enrolment Unit (CEU) funding, of which 100 per cent funding goes to school boards, and 56 per cent to ADLC. Effective September 1, 2013, the funding for school jurisdictions will be reduced from 100 per cent to 44 per cent for these courses.
- **English as A Second Language and Francisation** – This funding recognizes the costs associated with the additional supports and instructions for students to achieve grade level

expectations in English and French and other subject areas. Currently funding is provided for a maximum of seven years for eligible children and students. The funding criteria will be updated to a maximum of five years, effective September 1, 2013. This is a funding allocation method only; school jurisdictions have flexibility to determine education programs to best meet student needs.

- **Regional Collaborative Service Delivery** – The Student Health Initiative will transition to a new delivery model – Regional Collaborative Service Delivery. This model is intended to deliver services on a regional basis to support schools and community partners to better meet the needs of children and students, as well as families who have children and youth with complex needs. Funding allocations for the new model will be communicated in April and will come from the funding previously provided for Student Health Services and for Children and Youth with Complex Needs (CYCN), and will be based on existing Student Health and CYCN methodologies.
- **Alberta Initiative for School Improvement (AISI)** - Maintaining core educational services means Government will focus its investment on students in the classroom. Therefore, funding to AISI is eliminated effective today and no further AISI projects will be approved.

Government will examine AISI learning and align and implement those findings and best practices with the vision of Inspiring Education. Supports for teachers to share success stories will still be in place and we expect schools to continue to nurture a culture of innovation.

- **Other Discontinued Grants**
 - **Learning Resources Credit Allocation (LRCA)** – The LRCA, which supports 25 per cent of a school jurisdiction’s learning material purchases made through the Learning Resources Centre (LRC), will be eliminated effective September 1, 2013.
 - **Fuel Price Contingency** – The funding will end effective April 1, 2013.

School Board Administration Spending

Just as the Ministry is reducing its administration budget and looking for efficiencies internally to mitigate the impact of budget challenges on the education system, school boards will need to make adjustments to accommodate the changes due to budget challenges. To minimize the impact on the classrooms, school boards will be required to reduce their board and system administration spending cap by 10 per cent of the current limit.

Currently, school boards’ system and administration limit ranges from 4 to 6 per cent of their total operating expenses depending on their funded student enrolment. This percentage is then applied to their total expenses to arrive at the total allowable amount of the administration expense limit. School jurisdictions’ funding will be reduced by 10 per cent of the total calculated allowable amount. For the 2013/2014 school year, this amount will be divided over a seven-month period from September 1, 2013 to March 31, 2014, and be deducted from your monthly payments. For future school years, this deduction amount will be recalculated and be deducted from the monthly payments over twelve months.

Result Based Budgeting

Given the fiscal challenges, government will speed up the Results Based Budgeting process to improve the program and service delivery while achieving efficiencies. The goal is to ensure every dollar is being spent wisely and is impacting the lives of Albertans. The Ministry will continue to review its practices to ensure its focus on core businesses to deliver services that matter the most to Albertans, and to identify areas where better value can be realized. During the period of 2013 to 2016 Business Plan, the Funding Framework will also be reviewed under the Result Based Budgeting initiative. This work will require a great deal of careful planning, and thoughtful and meaningful engagement from those currently involved in supports and services to children, youth and their families, including other partners and stakeholders.

2013/2014 Funding Manual

For more details on the 2013/2014 school year grants, please refer to the Funding Manual, viewable online at <http://www.education.alberta.ca/admin/funding/manual.aspx>. Detailed funding information for the 2013/2014 school year is available online at <http://www.education.alberta.ca/admin/funding/2013jurisdictionfunding.aspx>.

If you require further clarification on the impact of this budget or additional information to begin your financial planning process, please contact our Strategic Financial Services staff at (780) 427-2055 (toll free by first dialling 310-0000).

2013-16 Business Plan

Along with Budget 2013, Education has released its 2013-16 Business Plan. You can find it online at <http://education.alberta.ca/department/businessplans.aspx>.

The business plan articulates our continued commitment to and focus on the initiatives we have undertaken to help accomplish our vision: *Ensure inclusive learning opportunities that enable students to achieve success as engaged thinkers and ethical citizens with an entrepreneurial spirit. Programs and services delivered by the Ministry will be reviewed for relevance, effectiveness and efficiency in accordance with the Government of Alberta's Result Based budgeting Act.*

Initiatives include: implement government's Early Childhood Development Strategy in collaboration with other ministries and stakeholders; contribute to the Education and Entrepreneurship through various initiatives; develop a new provincial assessment model and phased implementation for Kindergarten to Grade 9; develop regulations and policies to support the Education Act.

I'm looking forward to working with you on the initiatives of transformational changes under Inspiring Education and Result Based Budgeting. The ability to work collaboratively to maintain and improve our education system during times of fiscal challenge will demonstrate your strength as education leaders. I appreciate your continued collaboration and advice as we move forward.

Michael Walter

Acting Deputy Minister
Alberta Education