

DATE: May 16, 2023

TO: Board of Trustees

FROM: Darrel Robertson, Superintendent of Schools

SUBJECT: Response to Request for Information #015
Equity Fund History

ORIGINATOR: Todd Burnstad, Chief Financial Officer

RESOURCE STAFF: Andrea Cooper, Kent Pharis, Ron Thompson, Liz Yule

ISSUE

At the April 4, 2023, Board Meeting, Trustee Sumar requested the following information related to the Equity Fund:

1. What was the original intent for the Equity Fund?
2. Since the establishment of the Equity Fund, has the intent changed or shifted? If so, what has caused that (those) change(s)?
3. How does the Equity Fund support students in our classrooms?
4. In the last 5 years, what has the Equity Fund been used for? Please provide a breakdown by year and budget line supported. Please also include the allocation approved by the Board for that budget year and a total of how much was spent in that year.
5. How does the Equity Fund differ from the “September Actual Enrolment vs Projected Enrolment Relief”?

BACKGROUND**1. What was the original intent for the Equity Fund?**

The Equity Fund was established by the Board in 2014-2015 to enhance opportunities for all schools in the Division and to support the Division’s Four Cornerstone Values: Collaboration, Accountability, Integrity, and Equity.

The Equity Fund allocation was initially distributed to the six school leadership groups supervised by the assistant superintendents. The percentage allocated to the school leadership groups was determined through the superintendent’s meetings with the Division Support Team and the Superintendent’s Community of Practice (SCOPE). Within each school leadership group, catchment allocations were determined in consultation with the assistant superintendent and based on criteria established by the leadership Group. Priority was given to projects impacting literacy, numeracy, and mental health.

Within each school leadership group, a portion of the allocation was directed towards an assessment fund in support of timely, informative student assessments. Programming for Student Differences consultants from each leadership group worked with Inclusive Learning Services to prioritize student assessments. These funds were then distributed to schools at the discretion of the assistant superintendent.

The Equity Fund was also a mechanism to bridge some of the gaps inherent in any budget allocation model which is driven by formulas. Under the site-based decision making model, the Division directs as much money as possible to schools to organize for instruction. However, in the event a school encountered an unusual or unexpected budget challenge, prior to the introduction of the Equity Fund, there were limited options available to prevent the school from incurring a budget deficit.

2. Since the establishment of the Equity Fund, has the intent changed or shifted? If so, what has caused that (those) change(s)?

Prior to 2019-2020, funds available to access through the Equity Fund were higher than the initial board approved spring budget allocation amount. This was a result of directing school surplus balances greater than three per cent (the previous administrative regulation threshold amount that schools were allowed to carry forward) to top up the Equity Fund allocation. These additional funds were then used to support catchment work (which benefited all the schools within the catchment), leaving the remaining balance to address individual school needs. This also contributed to a shift in the way in which schools started working more collaboratively in terms of shared resources.

In response to the restrictions placed on the amount and how Alberta School Divisions could access their accumulated operating surplus (AOS), the Division revised Administrative Regulation CVB.AR eliminating the ability for individual schools to carry forward any operating surplus into the following year. At the same time, the Division also eliminated the burden of schools having to repay any deficit they might have incurred in a prior year. This shift also removed the ability to top up the Equity Fund allocation with school surpluses in excess of the previously allowed carryforward threshold. Without these additional funds, the Equity Fund shifted to addressing individual school needs, eliminating the ability to continue to promote wider catchment initiatives.

In the fall of 2022, the assistant superintendents updated the process and tracking of Equity Fund dollars and instead of having a predetermined amount available per assistant superintendent, the fund was pooled and a collaborative approach was created to review requests. This has created consistency and greater transparency around the distribution of equity funds for the entire Division.

3. How does the equity fund support students in our classrooms?

The Equity Fund prioritizes requests related to:

- Classroom complexities
- Organization for instruction
- Economy of scale in some of our smaller schools (including staffing challenges)
- Avoiding three grade splits
- Individual student support and complex student needs
- Growing student population
 - unpredictable enrolment growth in specific schools
- Large class sizes
- External service providers for complex students (Entrust, UP Schools, E2 Academy and Elves).
Note, starting in the 2023-2024 school year, these contracts will be paid at the Division level through a dedicated Service Agreement budget allocation.

4. In the last 5 years, what has the Equity Fund been used for? Please provide a breakdown by year and budget line supported. Please also include the allocation approved by the Board for that budget year and a total of how much was spent in that year.

5 Year Summary of Equity Funds by Expense Category

	<i>Note 1</i>	<i>Note 2</i>	<i>Note 3</i>	<i>Note 4</i>	<i>Note 5</i>	
	2018-19	2019-20	2020-21	2021-22	2022-23	Total
Certificated Teaching Staff Support	3,290,733	1,384,321	2,807,445	5,457,296	4,117,285	17,057,079
Non Certificated Staff Support	1,317,948	1,183,530	2,603,719	4,426,638	3,285,588	12,817,423
SES Support (<i>Note 6</i>)	6,137,040	(139,514)	180,704	396,840	-	6,575,070
Deficit Writeoffs (<i>Note 7</i>)	79,178	626,243	44,539	-	-	749,961
Special Projects Support (<i>Note 8</i>)	451,821	29,071	57,372	-	-	538,263
Administrative expenses (<i>Note 9</i>)	(792)	-	-	-	-	(792)
Total Expenditures	11,275,927	3,083,651	5,693,779	10,280,774	7,402,873	37,737,004
Total Approved Budget	11,414,238	7,800,000	7,800,000	7,800,000	7,800,000	42,614,238
Total Surplus (Deficit)	138,311	4,716,349	2,106,221	(2,480,774)	397,127	4,877,234

NOTES:

- 1) 2018-19 - Prior to the updated funding framework (introduced in 2020), the annual funds available for the Equity Fund consisted of the Board-approved allocation of \$7.8 million plus any school surplus funds from the previous year that exceeded the allowable carryforward threshold of three per cent.
 - 2), 3) 2019-20 & 2020-21 - The Division experienced a decreased need for Equity Fund resources due to the COVID-19 Pandemic. During this time, the Division absorbed an increased amount of costs at the Division level instead of impacting individual school budgets. This included covering supply staff costs, the provision of online resources, and covering additional cleaning and supply charges.
 - 4) 2021-22 - Many of the expenses related to the continuing pandemic were transitioned back to individual school budgets. Additional supports were also required to assist with students transitioning back to regular classes. This also explains the increase in the non certificated staff support category.
- The Equity Fund deficit of \$2.5 million was offset by operating surplus funds from other Division schools, meaning at a consolidated level, the Division ended the year within the Board-approved operating budget.
- 5) 2022-23 - The figures presented are based on preliminary current year approvals at April 25, 2023.
 - 6) SES support includes: Library resources, mental health therapists, online subscriptions, other professional and technical services, PD for catchments, psychologist/therapist services and success coaches. These costs were substantially higher in 2018-19 as per Note 1.
- The SES credit balance in 2019-20 of \$139,514 is a result of purchase order timing differences for psychologist services.
- 7) The Equity Fund has been used to eliminate school deficits from the previous year. With the elimination of the ability for schools to carryforward any surplus funds into the next year, the Division also removed the burden of schools carrying forward deficit balances.
 - 8) Catchment learning resources to support literacy and numeracy, professional learning including external presenters and other catchment costs
 - 9) Reflects a timing difference of charges over a year end.

5. **How does the Equity Fund differ from the “September Actual Enrolment vs Projected Enrolment Relief”?**

With the implementation of the new funding framework in 2020 and the weighted moving average(WMA), funding is provided to school divisions based on historical enrolment as well as projected enrolment for the upcoming school year. To match this methodology, school budgets are completed in April with allocations being calculated using the individual school's projected enrolment.

After the first year under the new funding framework, it was identified that there was a gap between the spring school budgets using the schools projected enrolment compared to the actual number of students that were registered in September. With no adjustment to funding under the weighted moving average (WMA) model until the following year, no additional funding was available in the fall to provide relief for schools that experienced enrolment growth greater than their projection.

By accessing the Division's accumulated operating reserve in the fall, the Division has been able to provide additional resources to schools in excess of the provincial funding model.

This allocation differs from the Equity Fund as these funds are built into the total resources available for Budget Services to allocate to schools as part of the fall budget process in a consistent manner, whereas the Equity Fund is accessed by individual schools through their assistant superintendent.

TB/ja