

DATE: May 14, 2024

TO: Board of Trustees

FROM: Darrel Robertson, Superintendent of Schools

SUBJECT: Gaps in Funding: Enrolment/Inflation
(Response to Request for Information #021)

ORIGINATOR: Todd Burnstad, Chief Financial Officer

RESOURCE STAFF: Drew Horn, Jennifer Price, Madonna Proulx, Amanda Wong

REFERENCE: [Funding manual for school authorities 2024/2025 school year](#)
[Fraser Institute: Education Spending in Public Schools in Canada, 2023 Edition](#)
[April 16, 2024, Board Recommendation Report, 2024-2025 Distribution of Funds](#)

ISSUE

The following request for information was made at the April 16, 2024 Board meeting, by Trustee Estabrooks.

1. When EPSB receives our funding manual, could administration please provide an anticipated breakdown of per student funding for division students for the 2024-2025 school year? How does this spending per student compare to the last ten years, keeping in mind the introduction of a new funding formula in 2020-2021.
2. Could administration please provide an explanation of the gap between funding provided using the weighted moving average methodology and actual number of new students to the Division each September? Please include information on this gap for each year since the weighted moving average (WMA) has been implemented.
3.
 - a. Could administration please provide, for each year since the WMA has been introduced, the total number of unfunded students alongside the approximated dollar value of that gap, and compare that with the supplemental enrolment funding grant provided by the government?
 - b. Is the supplemental enrolment grant funding or any other funding available to growing school divisions mid-year currently closing the gap due to the WMA methodology and a growing student population?
4.
 - a. What impact has inflation had on the Division's budget, including on our fixed costs of telecom, insurance, sewer/water, natural gas and electricity?
 - b. Could administration please include a graph showing inflation adjusted funding with the actual funding received?

CURRENT SITUATION

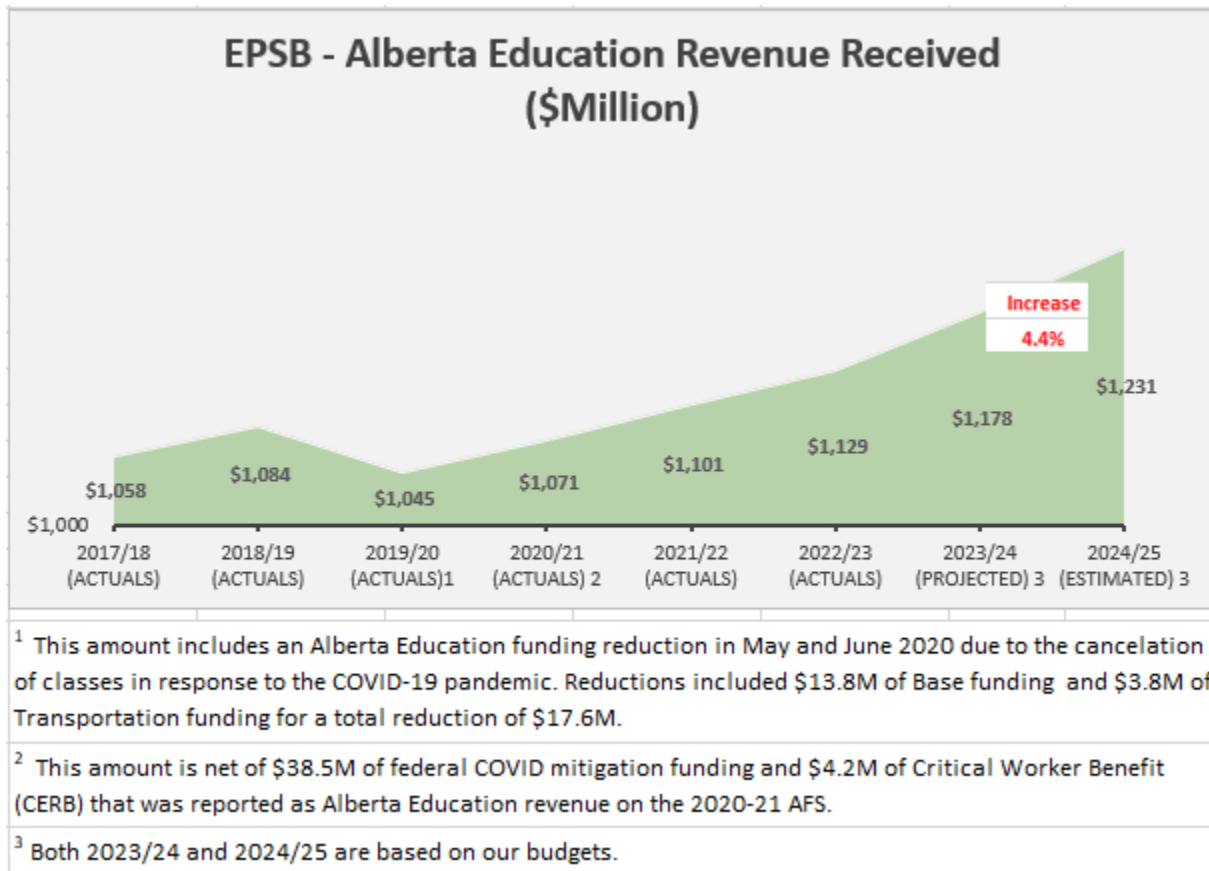
1. When EPSB receives our funding manual, could administration please provide an anticipated breakdown of per student funding for division students for the 2024-2025 school year? How does this spending per student compare to the last ten years, keeping in mind the introduction of a new funding formula in 2020-2021.

Provincial Funding

On February 27, 2020, a new funding framework was released, effective for the 2020-2021 school year. The major change from the previous funding framework was the transition from a per student funding model that funded individual students to a funding model based on a three-year weighted moving average (WMA) of enrolment.

Total Alberta Education Revenue

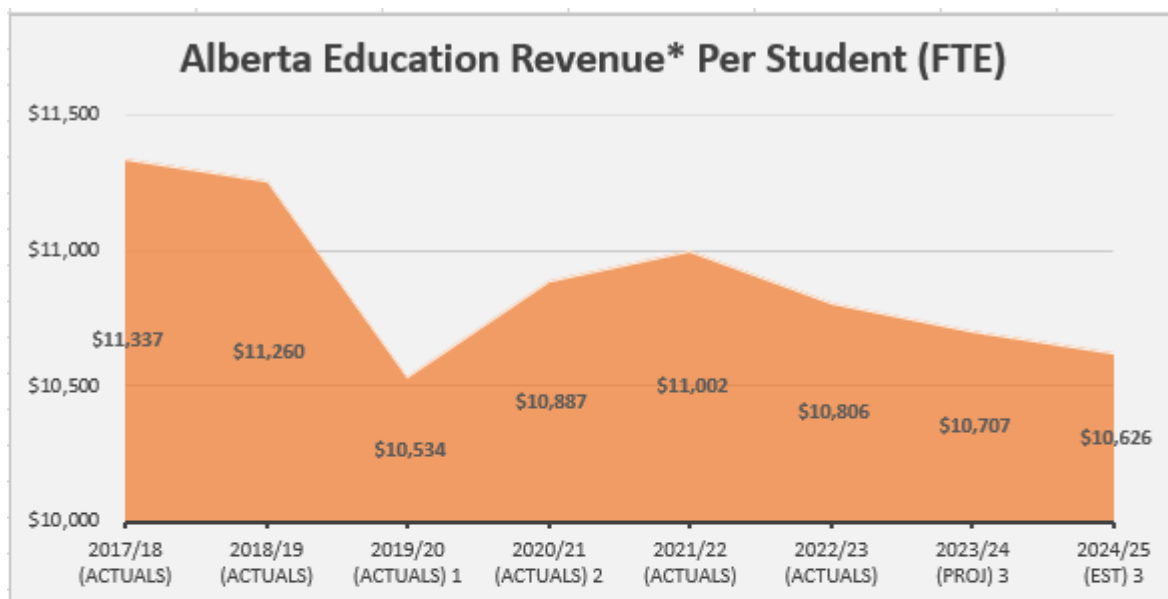
The total Alberta Education Revenue the Division has received over recent years has been increasing. The total budgeted Alberta Education revenue based on the 2024-2025 budget is the largest amount the Division has ever received at \$1.23 billion which is 4.4 per cent higher than the amount we anticipate receiving for the current school year (2023-2024).



Alberta Education Revenue per student

To represent the overall funding per student at a high level, the following table was created by taking the total Government of Alberta revenue as reflected in our annual audited financial statements (up to

and including the year ended August 31, 2023). The approved budget figures were used for the current 2023-2024 year, and draft budget figures have been used for the upcoming 2024-2025 year. This revenue figure includes the majority of our provincial government funding (including Infrastructure Maintenance Renewal (IMR), Operations and Maintenance (O&M), etc.); however, some adjustments have been made as detailed in the notes to adjust for non-recurring or revenue that was received for unique or targeted circumstances. This total revenue figure was then divided by the actual frozen funded September student count information (FTE) (or projected for the budget), as opposed to the WMA enrolment (FTE) figure.



* Alberta Education Revenue figure does not include revenue from: Other Alberta School authorities, Secondments, Other Provincial Grants, and deferred capital revenue.

¹ This amount includes an Alberta Education funding reduction in May and June 2020 due to the cancelation of classes in response to the COVID-19 pandemic. Reductions included \$13.8M of Base funding and \$3.8M of Transportation funding for a total reduction of \$17.6M. Had it been included, per student funding would have been \$10,623

² This amount is net of \$38.5M of federal COVID mitigation funding and \$4.2M of Critical Worker Benefit (CERB) that was reported as Alberta Education revenue on the 2020-21 audited financial statements.

³ Both 2023/24 and 2024/25 are based on our budgets.

In terms of the per student funding trend prior to 2020-2021, and in relation to other Provinces, the Fraser Institute has done a comprehensive study reviewing changes in [Education Spending on Public Schools in Canada from 2012-2013 to 2020-2021](#).

Highlights from the report:

This study reviews changes in education spending on public schools in Canada from 2012/13 to 2020/21. The results clearly demonstrate that education spending on public schools has increased nationally and in most provinces during this time period, even when we account for inflation and enrolment changes. Moreover, the data indicate that compensation continues to

be the costliest component of spending on public education and contributed more to the growth of education spending than any other component.

To evaluate public education spending in Canada, we have analyzed the effects of price changes (inflation) and enrolment increases or decreases by province. Nationally, student enrolment in public schools grew by 2.7% between 2012/13 and 2020/21. The biggest increases in enrolment occurred in Alberta (12.4%) and Saskatchewan (6.9%).

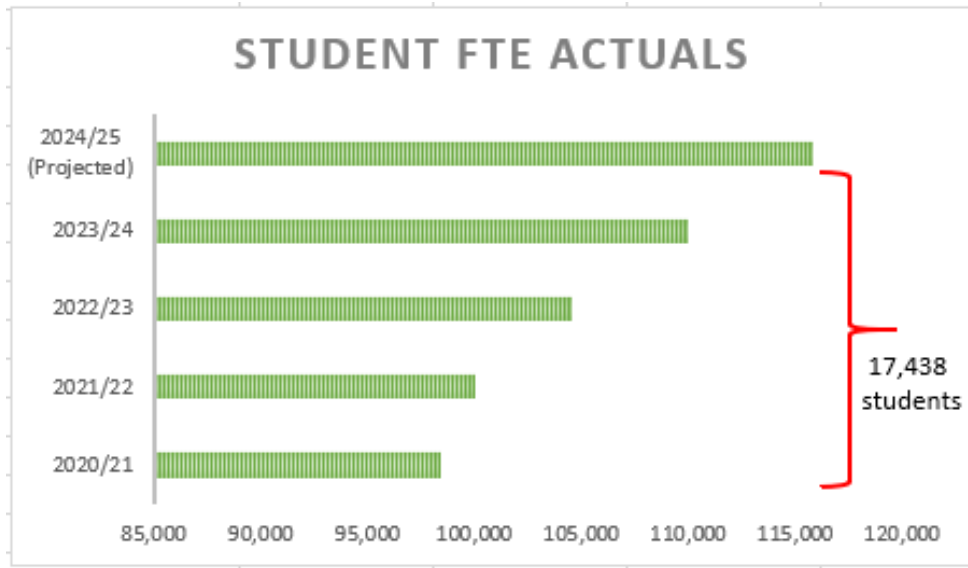
Inflation-adjusted per-student spending increased by 8.3% nationally from 2012/13 to 2020/21. Eight of the 10 provinces saw real per-student spending increase over this time frame. Quebec had the largest increase (32.9%), followed by Nova Scotia (26.9%), and Prince Edward Island (19.0%). Two provinces saw a decline in per-student spending (inflation-adjusted): Saskatchewan and Alberta.

There were substantial changes in the ranks of the provinces for inflation-adjusted per-student spending on public education between 2012/13 and 2020/21. In 2012/13, Alberta had the third highest per-student spending among the provinces. Nine years later, the province ranked last in the same category.

2. Could administration please provide an explanation of the gap between funding provided using the weighted moving average methodology and actual number of new students to the Division each September? Please include information on this gap for each year since the weighted moving average (WMA) has been implemented.

Enrolment Growth

Since the implementation of the new funding framework (including the WMA methodology), the Division has experienced significant enrolment growth, and has grown by more than 17 thousand students.



WMA Funding Model highlights

- The WMA model captures the number of funded students across three school years and does not allocate funding per individual student.
- All Alberta Education funding grants received by the Division, with the exception of the Transportation and the Geographic grant, are either fully or partially calculated using the WMA enrolment.

For the upcoming 2024-2025 school year, the WMA calculation will be based on the following formula:

School Year	Weighted Factor	Enrolment Count (FTE) ¹	Enrolment Count
2022-2023	20%	Actual	104,501
2023-2024	30%	Estimate ²	110,002
2024-2025	50%	Projection ³	115,805
2024-2025 WMA (FTE) Enrolment			111,803

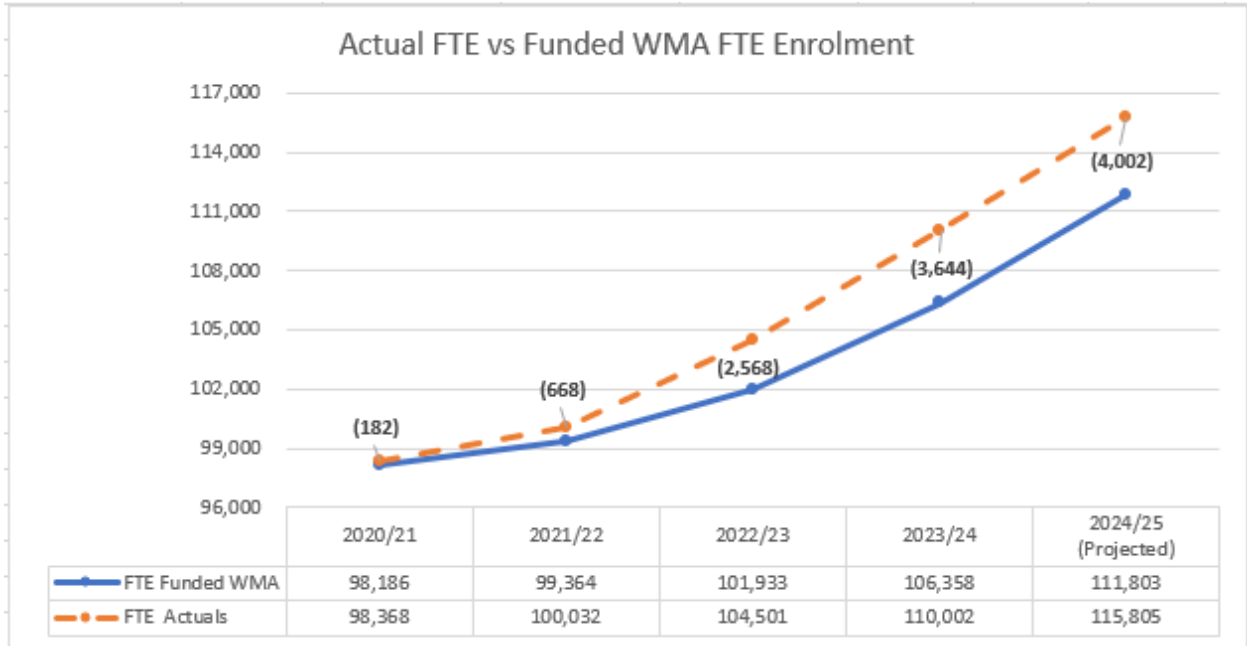
Notes:

¹ Additional details on the Division’s enrolment FTE’s can be found in attachment II of the [2024-2025 Distribution of Funds report](#). FTE enrolment factors in Early Childhood Services (ECS) students at 0.5.

² Estimates are based on the frozen funded enrolment counts and are not usually finalized until the following year.

³ There are no in-year adjustments if the projected enrolment count is different from the actual count. The difference between the projected count and actual student count will be adjusted for in the calculation of the WMA for the subsequent school year. If the projected count is higher than the actual count, the WMA for the next year will be adjusted down, and if the projected count is lower, the WMA for the next year will be adjusted up to account for the difference.

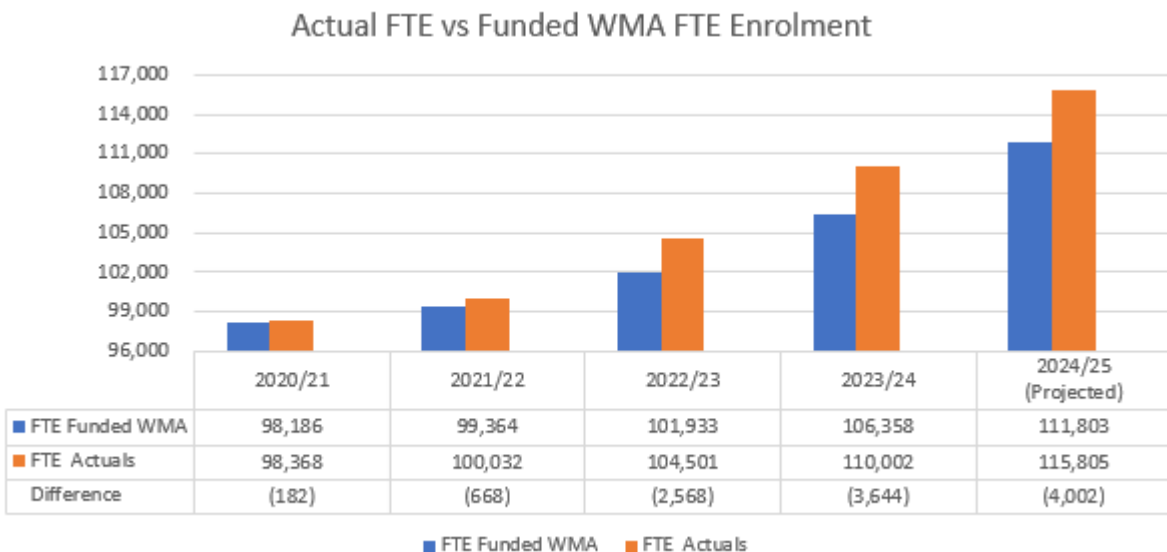
The WMA calculation compared to our actual enrolment is further highlighted in the graph below. For 2024-2025, the WMA FTE enrolment is 4,002, lower than the projected September 2024 FTE enrolment (the actual number of students we anticipate to be in attendance).



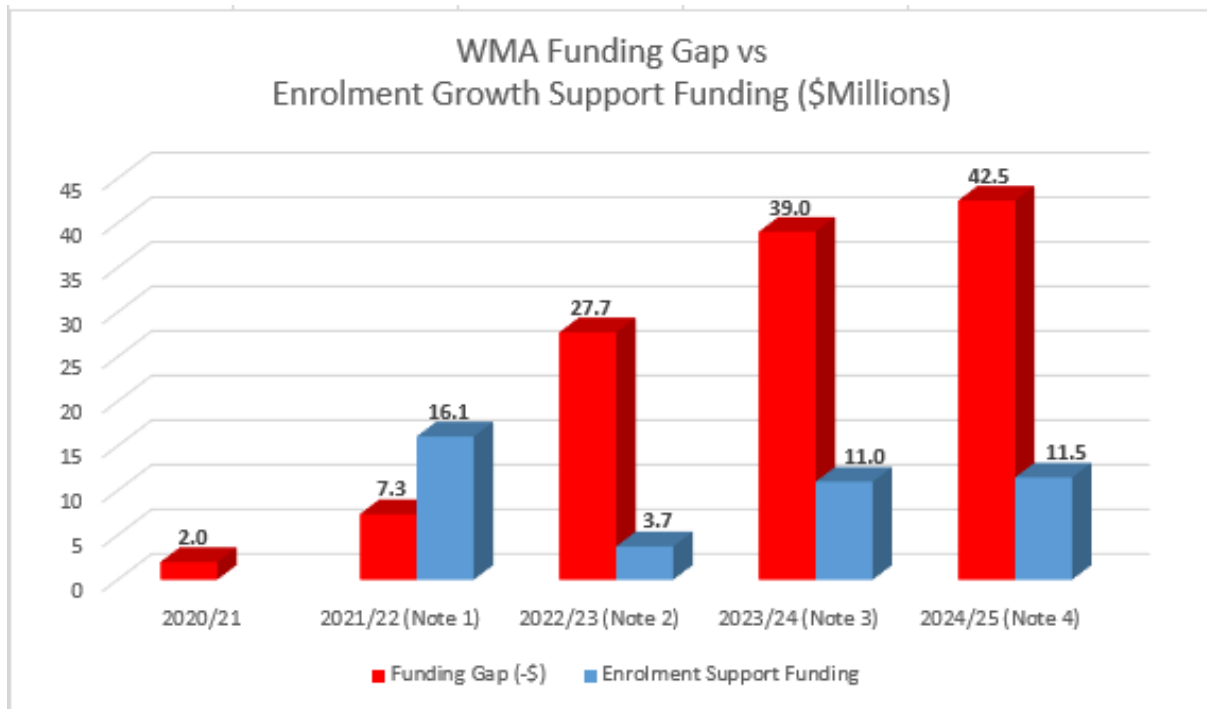
3a. Could administration please provide, for each year since the WMA has been introduced, the total number of unfunded students alongside the approximated dollar value of that gap, and compare that with the supplemental enrolment funding grant provided by the government?

3b. Is the supplemental enrolment grant funding or any other funding available to growing school divisions mid-year currently closing the gap due to the WMA methodology and a growing student population?

The following chart includes the same information as the chart from question 2 but in a different format to highlight the difference in FTE enrolment that will then be used in the second chart below.



The following chart applies the Alberta Education Revenue per student (FTE) per year from the chart in question 1, to the enrolment difference from the above chart. Offsetting this gap is the COVID relief payment that was received in 2021-2022 as well as the Supplemental Enrolment Grant that was first introduced in 2022-2023.



¹ In 2021-2022, there was a one time COVID relief payment from Alberta Education.

² 2022-2023 was the first year AB Ed provided the "Supplemental Enrolment Growth Grant". This provided \$1,000 per FTE for growth between 2-5%, and \$2,000 for all FTE above 5%.

³ 2023-2024 the Supplemental Enrolment Growth Grant formula was updated which provided \$1,500 for FTE increases between 0-100 and \$2,000 for all FTE increases above 100.

⁴ 2024-2025 the grant calculations are based on projected enrolment. These will be updated mid year based on actual September enrolment count information.

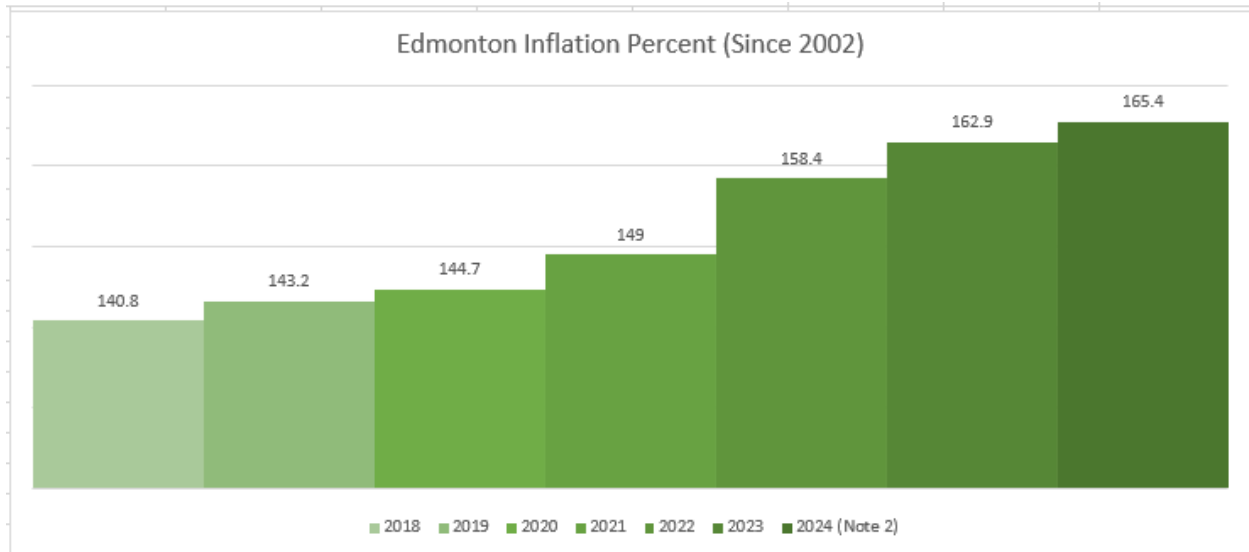
Currently the Supplemental Enrolment Grant is the only grant that provides some relief in the WMA funding gap. During the 2022-2023 school year, there was a Displaced Student Grant that provided some funding for eligible students arriving after the September count date. This grant was discontinued after the first year. Additional information about this grant was included in the [March 5, 2024 Request For Information Report #020](#).

4a. What impact has inflation had on the Division's budget, including on our fixed costs of telecom, insurance, sewer/water, natural gas and electricity?

Operating Expenses

- Inflation continues to increase for Edmonton. According to Stats Canada, inflation increased by 4.5 per cent in 2023 compared to 2022. Although this is a decrease from the 9.4 per cent prior year

increase, with no increase to the grant funding rates, the spending power of school budgets have decreased. The inflation rate for 2024 has been estimated as per below.



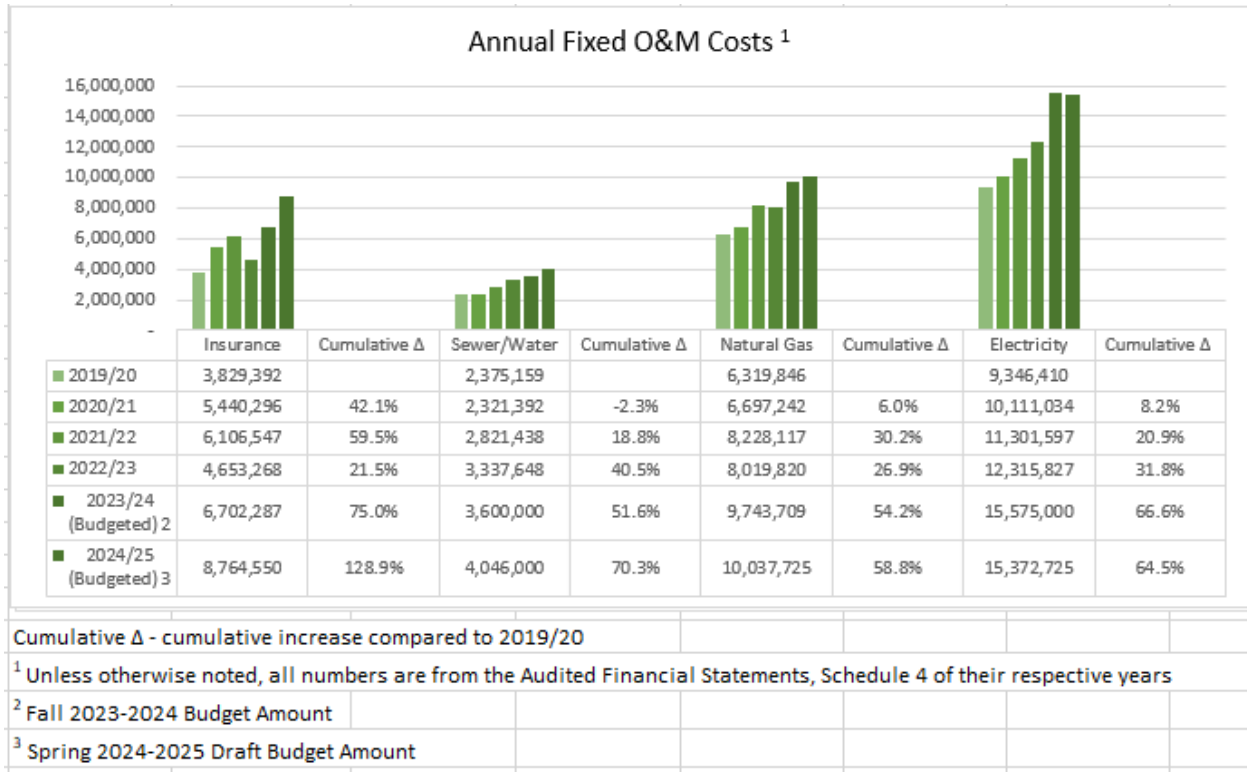
¹ Rates are from Stats Canada for the Edmonton Region. Annual amounts are expressed as a percentage increase since the year 2002

² The rate for 2024 has been based on information from the April 2024 Bank of Canada Monetary Policy Report

	2018	2019	2020	2021	2022	2023	2024 (Note 2)
Inflation Rate (%) (Note 1)	140.8	143.2	144.7	149	158.4	162.9	165.4
Inflation Rate Annual Change	3.7%	2.4%	1.5%	4.3%	9.4%	4.5%	2.5%
Cumulative Increase since 2018	0.0%	2.4%	3.9%	8.2%	17.6%	22.1%	24.6%
Cumulative Increase since 2020				4.3%	13.7%	18.2%	20.7%
Notes:							
¹ Rates are from Stats Canada for the Edmonton Region. Annual amounts are expressed as a percentage increase since the year 2002							
² The rate for 2024 has been based on information from the April 2024 Bank of Canada Monetary Policy Report							

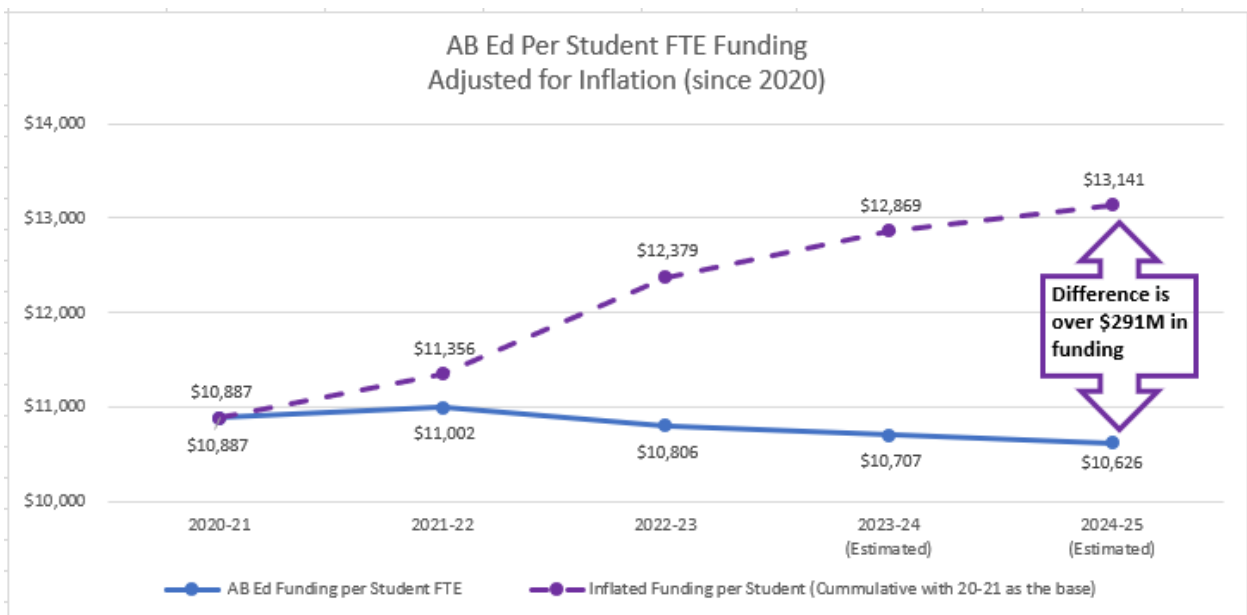
The above table shows the annual inflation rate (per Stats Canada for the Edmonton region) as a percentage increase since the year 2002. For example, for 2023, inflation increased by 4.5 per cent from 2022 (162.9 - 158.4 = 4.5).

Inflationary pressures continue to impact our Division-level fixed costs like utilities and insurance. The following chart shows the history of some of our fixed costs. Also included on the chart is the cumulative percentage increase for each expense item compared to 2019-2020 as these inflationary pressures have been compounding.



4b. Could administration please include a graph showing inflation adjusted funding with the actual funding received?

The following chart uses information included in question 1, then using 2020-2021 as the starting point, the annual inflation rate as detailed in question 4a has been used to highlight the gap in our current year per student funding amount, which has not maintained pace with inflation.



KEY POINTS

- Enrolment increases are currently outpacing funding increases under the WMA funding model resulting in a decreasing per student funding amount.
- Alberta per student education funding has not maintained pace with other Canadian provinces.
- Inflationary pressures continue to impact our operating costs. With no offsetting increase in grant funding, this has resulted in a reduction of spending power for the Division.

TB:ja