

## **Executive summary**

### ***Missing the mark - Funding shortfalls in Alberta's public education system***

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#### **Background**

The Alberta School Boards Association commissioned the *Missing the mark - Funding shortfalls in Alberta's public education system study* to assess the financial health of Alberta's public education system. The report was published in May 2006.

#### **Research approach**

A researcher chose 16 diagnostic measures to serve as benchmarks against which to assess the financial health of Alberta's public education system. The 16 measures are listed on page six of the report.

#### **Key pressure points**

- Because of ongoing neglect – Alberta's \$9.6 billion investment in schools is at risk. The provincial government does not invest the industry-standard two per cent of the total value of building assets in repair and maintenance.

The provincial government acknowledged this situation in the 2006 - 09 Infrastructure and Transportation Business Plan on page 253. "A significant backlog in deferred maintenance has been created. Major repair can be expected to cost more than routine maintenance would have cost, and all out replacement can cost up to five times what repair would have cost."

- The percentage increases in average teacher salaries consistently exceed increases in the base per pupil grant.
- Instruction and transportation fees are increasing.
- Collectively, student transportation services in Alberta have operated at a deficit for the past two years.
- Collectively, school boards' operations and maintenance budgets, which are to cover the costs for cleaning schools, utilities and routine, preventative maintenance, have been in deficit for the past four years.

## **Key measures and implications**

### ***Number of school boards in a deficit position***

*(jurisdiction's expenses exceeded revenue in a given year)*

In 2001, seven of Alberta's 62 school boards ran a deficit.

In 2005, 28 of Alberta's 62 school boards ran a deficit.

#### ***Diagnosis:***

While it is expected that some school boards may run a deficit in any given year, the standard set in 2001 – about 10 per cent of school boards – seems reasonable and achievable. The fact that 43 per cent of school boards posted a deficit this past year illustrates the difficulty many boards have in balancing their budgets.

### ***Number of school boards in an accumulated deficit position***

*(the total of all deficits for the year and preceding years*

*exceeds the total of all surpluses for the year and preceding years)*

In 2001, one of Alberta's 62 school boards was in an accumulated deficit position.

In 2005, four of Alberta's 62 school boards were in an accumulated deficit position

#### ***Diagnosis:***

While the number of school boards with an accumulated deficit is small – just four – the trend is troubling.

### ***School boards' accumulated operating surplus expressed as "days of operation"***

In 2001, school boards, on average, could operate for about 10 days on their accumulated surpluses. In 2005, the number dropped to 7.5 days.

#### ***Diagnosis:***

According to this measure, which Alberta Education uses internally to track the collective financial health of school boards, the overall financial position of school boards in Alberta has deteriorated since 2001.

### ***Comparison percentage increases in the per pupil grant with percentage increases in average teacher salary***

Since 1995, the annual percentage increase in average teacher salaries has been higher than the annual percentage increase in base per student funding.

#### ***Diagnosis:***

Teacher salaries represent the single biggest expense that a school board faces. Salary increases that outpace base per pupil grant increases have a significant negative impact on the school board's overall budget.

### ***Trends in instruction fees charged by school boards***

*(school boards assess these fees for the rental of textbooks and other student resources.)*

In 2001, school boards collected \$31 million in fees for instruction resources.

In 2005, school boards collected \$40 million in fees for instruction resources.

#### ***Diagnosis:***

Without sufficient government funding to support the services students need, school boards are increasingly relying on fees to fill the gaps in revenue. These costs are being downloaded to parents. This is unacceptable in the public education system.

***Transportation deficits and fees***

In 2005, school boards collectively were \$4 million in the hole on the transportation front. This is based on a comparison of funding provided for school busing compared with the cost of running the school busses. Government funding doesn't cover the full cost of busing students.

School boards are increasingly using transportation fees to fill the gap between government funding and the real cost of transporting students. Between 2000 and 2003, revenue generated through transportation fees represented about six per cent of the total transportation revenue. In 2005, transportation fees represented eight per cent of the total transportation revenue.

***Diagnosis:***

The cost of busing students to school outstrips the funding provided by the province for this service. These costs are being downloaded to parents. This is unacceptable in the public education system.