

Summary of School Division and School Authority Expenditures

by Gordon Majeran

Introduction

The Public School Boards' Association is ever mindful of the enormous investment the Province of Alberta makes to sustain a world class education system that continues to place in the top echelon of Organization for Economic Cooperation and Development (OECD) countries via the Program for International Student Assessment (PISA) exams and within Canada.

We keep top of mind that we should always be looking for economic efficiencies that can in turn be directed to increase resources to the classrooms of Alberta. To that end we commissioned Mr. Gordon Majeran, retired Secretary Treasurer from Wild Rose School Division, to gather fiscal data on all school boards in the province as well as data on private and Charter schools to identify the areas that may lend themselves for further analysis seeking greater efficiencies.

Summary of 2016/17 School Division Expenditures

Following is a summary of the 2016/17 School Division expenditures which have been extracted from the Audited Financial Statements (AFS) of the Public, Separate, Francophone, Charter and private boards in Alberta. All of the listed school entities are required by regulation to submit their AFS statements to the Ministry and also to post them on the school division's or authority's website. Thus all of what is reported here is in the public domain.

For Board and System Administration (BSA): The total amount of expenditures for the 2016-17 year was \$ 257,497,412. This number is broken as follows:

Public School Divisions	\$ 185,448,717
Separate School Divisions	\$ 61,320,111
Francophone School Authorities	\$ 5,550,025
Charter (13 Approved)	\$ 5,178,559
Total	\$257,497,412 (No. 1)

The costs that are tracked in the BSA pertain to the provision of board governance and system-based/central office administration, and their associated sub-programs. These includes items such as remuneration, travel and professional development expenses for Trustees, Superintendents, Deputy Superintendents, Secretary-Treasurers and administrative support staff located in the central office.

It also includes office expenses such as office equipment and furniture, utilities, caretaking, liability Insurance, advertising and copying services and membership fees in organizations such as Alberta School Boards Association, Alberta Catholic School Trustees Association, Public School Boards' Association of Alberta and any other association that a school authority elects to join. *Please note that all school systems function under an Administrative Governance Cap of between 4% and 6% depending on enrollment.*

At the end of the document you will find a theoretical overview of where the savings may be had or redirected to support increased program choice for students.

In addition to the total of \$257,497,412, boards transferred approximately \$100,000,000 of Central Administration Costs to other programs as shown in the Unaudited Schedule of Central Administration Expenses (Schedule 10). The majority of these transferred costs showed up in Business Administration, Information Technology, Human Resources and Central Purchasing.

In regard to Schedule 10, the following quote is taken directly from the Alberta Education Financial Statement guide:

<https://open.alberta.ca/dataset/8f3b4972-4c47-4009-a090-5b470e68d633/resource/d576580c-009f-41a1-bb6a-ecaefa5ef40e/download/2018-19-funding-manual-march-2019-update.pdf>:

This unaudited schedule is required to better understand each division's central administration cost structure. Each of the costs associated with this schedule relates to board & system administration. The schedule should establish the full cost of administrative costs at jurisdictional level and break out the portion that is charged out to programs jurisdiction-wide. The intent of the Unaudited Schedule of Central Administration Expenses is to determine how much each board charges to its other programs versus central administration.

Included in the figures in **No. 1** above is an amount of \$ 46,247,490 which represents the total expenditures for Salary, Benefits and travel/professional development for Board Members, Superintendent of Schools and the Secretary-Treasurer as shown in Schedule 7 of the Audited Financial Statements, and is broken down as follows:

Board Members	\$ 14,171,979
Superintendent	\$ 17,989,311
Sec.-Treasurer	\$ 15,265,209
Total	\$ 46,247,490 (No. 2)

Student Transportation

The total Pupil Transportation expenditures for all Divisions was \$ 365,763,119, broken down as follows:

Public	\$ 276,534,444
Separate	\$ 67,145,530
Francophone -	\$ 14,013,766
Charter	\$ 7,973,262
Total	\$ 365,763,119 (No.3)

Transportation consists of regular and special education bus services to and from school, whether contracted or board operated. This includes salaries and benefits for the Transportation Supervisor, Mechanics, Clerical, Driver Training and caretaking. It also includes expenses for Bus Purchases (amortization) fuel, utilities, electronic routing programs as well as all other costs associated with operating the Bus maintenance shop. *Costs and expenses*

associated with transporting students for field trips or between learning facilities are considered instructional and therefore are not included here.

When considering efficiencies with a different delivery model, there would be a number of opportunities to reduce Transportation costs. Those being:

- A single central administration supervision staff;
- Use of a single Routing system (program & annual maintenance);
- Elimination of duplicate routes;
- Sharing or joint busing arrangements between school authorities;
- Central fleet maintenance shop. Qualified Heavy Duty mechanics are in short supply.
- Economies of scale in purchases of fuel, buses, shop equipment;
- More cost efficient and effective Driver Training programs could be implemented;
- Contracted Bus Services has the potential for cost savings in densely populated areas.

Plant Operations and Maintenance

The total Plant Operations and Maintenance (PO&M) expenditures were \$1,015,516,278, broken down as follows:

Public	\$ 753,249,773
Separate	\$ 233,134,795
Francophone -	\$ 18,824,785
Charter	\$ 10,306,925
Total	\$ 1,015,516,278 (No.4)

This section includes costs associated with the operation and maintenance of all school buildings and maintenance shop facilities throughout the province. Included are salaries and benefits for the facilities supervisor, trades and maintenance staff as well as the caretaking staff.

It also includes utilities, vehicle expenses, materials & supplies for caretakers and the maintenance department as well as Infrastructure Maintenance & Renewal (IMR) costs. It also includes a total of **\$253,626,407** in supported capital debt charges.

Again, under a more efficient delivery model, there would be a number of opportunities to consider to reduce PO&M costs.

- Economies of scale for utilities and supplies & services;
- One central administration department. In the 2016-17 year all Divisions spent a total of **\$ 59,463,888** on the category termed as “Facility Planning and Operational Administration”.
- A more comprehensive and effective approach to Occupational Health and Safety;
- Consolidation of facilities in low enrolment areas. The total sq. metres of School Building space province-wide is 8,074,22 sq.m. and the Non-School space is 436,947 sq.m. In a reframed deliver and support model there is potential to reduce both these numbers.

Cost of Duplication: In a hypothetical discussion one needs to start with the known expenditures. The following represents the potential re-allocation of funds from Administration, Transportation, Plant Operations Maintenance costs to Instructional programs which total \$273,000,000 million.

This above amount, under a different delivery model, could redirect funds to enhance student academic programs, athletic opportunities and fine art choices for students.

- Board and System Administration (\$257,497,412 reduced by 25%) = **\$66 million**
- Admin. costs allocated to other programs (100,000,000 reduced by 33%) = **\$33 million**
- Pupil Transportation (\$365,763,119 reduced by 20%) = **\$74 million**
- PO&M planning & admin. (\$59,463,888 reduced by 50%) = **\$ 30 million**
- PO&M less planning & supp. debt (\$1,015,516,278 - \$59,463,888 - \$253,626,407 reduced by 10%) **\$70 million**

As far as the “one-minute elevator chat” is concerned, we support the idea that the most effective approach would be to inform the public that the current education delivery model has evolved since 1905. Since that time there have been significant changes to population demographics and previous alterations to School Divisions the 1994 regionalizations did not take into account. The model was mainly based on the decline of the student population in the rural areas.

Looking to the future, we need to take a “no holds barred” approach to reviewing our current system of systems. We have the potential to re-allocate hundreds of millions of dollars (\$273 million) from non-classroom functions to increasing classroom programs for students. In the current economic climate, we must not miss the opportunity to make every effort to maintain – if not enhance – the opportunities for student choice as they represent our collective future.