

# **A Review of K-12 Education Funding in Alberta**

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**PUBLIC SCHOOL BOARDS'**  
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## Executive Summary

*Funding is a core pillar of any K-12 education system. It is a central component to providing a high-quality education and often leads to improved outcomes for learners. It cannot be expected to solve every problem faced by education administrators, but equitable funding, adequate resources, and accountability measures are important to achieving student success no matter what learning environment services are delivered to students.*

*This report is divided into five sections that together provide a review of K-12 education funding in Alberta. The report begins by drawing the distinction between public education and provincially-funded education. Public education is provincially-funded, but not all provincial funding is directed to public education. In turn, different types of schools in Alberta compete for provincial funding, which has resulted in a process of fragmentation among public education funding. The second section of the report provides an overview of Alberta's K-12 funding model since 1994 till 2020, including how it works and how much operational and capital funding has been available. In the third section of the report, funding per student amounts are presented for each school jurisdiction in the province. This study finds that funding per student in 2019-20, on average, for public school jurisdictions was \$10,460, for separate school jurisdictions was \$10,328, for Francophone school jurisdictions was \$13,827, and for charter schools was \$9,407. In the fourth section, an initial analysis is provided of the new funding model for K-12 education, and its impact on school boards in Alberta. At the core of these funding changes is a new approach to measuring enrolment – the basis for nearly every major education grant – which is now based on a three-year “weighted moving average” formula. The results of this analysis indicate that 43 school boards in Alberta, serving more than 80 per cent of the total student population, will see a reduction in funding per student given the implementation of this new funding formula. In particular, growing school boards will be inversely impacted since the new funding formula does not properly fund enrolment growth, but rather does the opposite. In the final section of the report, a list of recommendations are provided with respect to K-12 education funding in Alberta.*

*The details of this report may have practical significance for policy-makers, administrators, school officials, parents, and citizens with an interest in school finance in Alberta.*

## Background

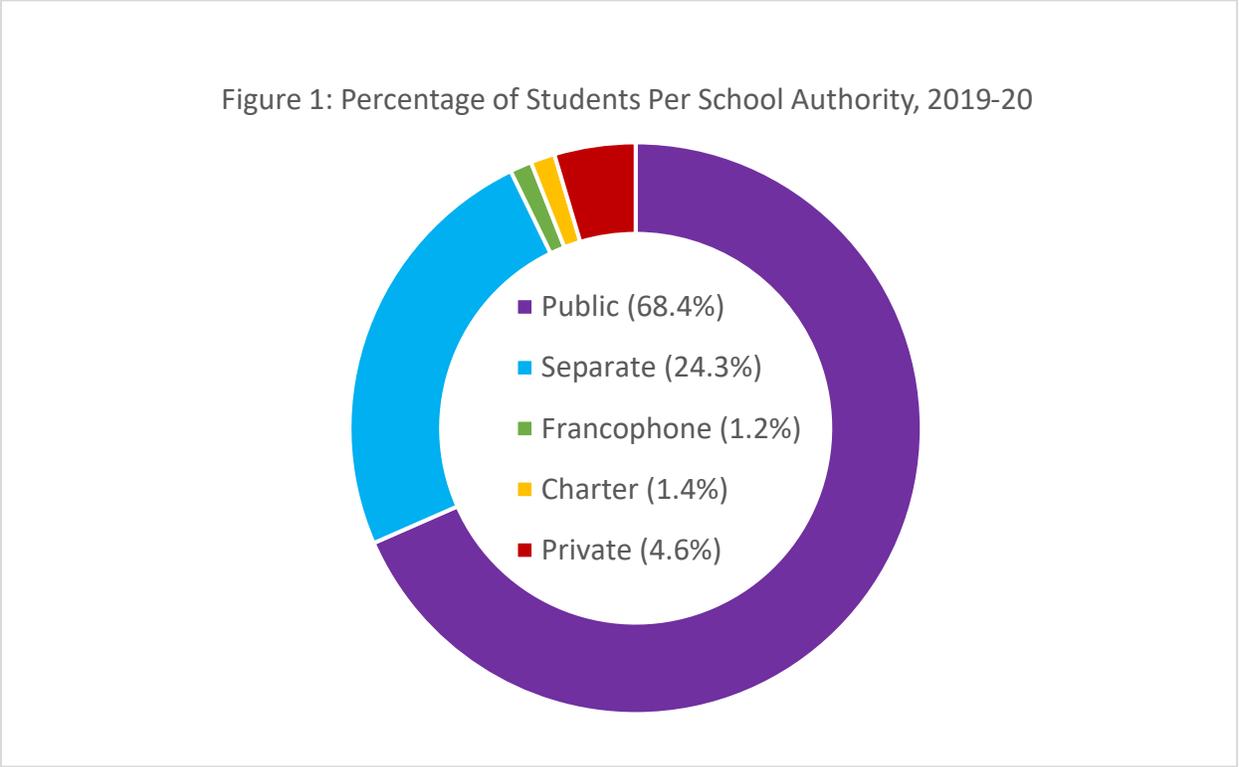
In Alberta, there is *public education* and *provincially-funded education*. Both categories involve various school types that vie for public funding. Public education is fully funded by Alberta taxpayers through property taxes and provincial revenue, which consists of three types of schools: public, Francophone, and separate. Public schools are universally accessible across the province and offer programs to meet the diverse needs and wants of students. Public schools must accept any student living in their geographic area, regardless of academic ability, specific learning need, or socio-economic status. They employ certificated teachers who are full members of the Alberta Teachers' Association and they follow provincially approved curriculum. Public schools are also governed by democratically-elected school boards and they do not charge tuition fees for instruction. Francophone schools operate just the same as public schools in Alberta but they are specifically mandated to uphold French language, culture, and identity. Separate schools also operate the same as public schools in Alberta but they offer Roman Catholic or Protestant education. Currently, there are no Protestant-based separate schools in Alberta, but there are separate Catholic schools that are available in many but not all regions of the province. These separate schools must accept all Catholic students, although they typically welcome non-Catholic students who also wish to attend. Public education in Alberta is therefore intended to be freely and equitably accessible for all learners, governed by elected trustees, financed entirely through public funding, and administered in ways that are meant to uphold the highest professional standards of service and care.

There is another segment of schools in Alberta that are provincially-funded, but they do not meet the criterion of public education. This consists of three types of schools including: charters, privates, and home education. Charter schools are provincially-funded, autonomously operated schools. They receive the same level of operational funding as public schools, yet they are not governed by publicly-elected school boards nor are they obligated to accept all students. Charter schools are prohibited from charging tuition fees, however, the programs they offer often depend upon additional funding paid for by families to cover costs such as transportation, uniforms, instructional supplies, and other auxiliary costs (Riep, 2020). Private schools, like charters, are not governed by publicly-elected school boards nor are they obligated to accept all students. Still, accredited private schools are eligible for up to 70 per cent of the provincial funding allocated to public education if they meet a number of basic requirements, including the use of certificated teachers, employing a principal that is a certificated teacher, and following the Alberta curriculum (Government of Alberta, 2021a). Provincial funding allocated to private schools derives from provincial general revenues, not education property taxes. In addition to provincial general revenues, private school funding comes from (often very costly) tuition fees paid by parents and private fundraising. Finally, home education is an alternative that provides opportunities for families to educate their children at home, which is subsidized through provincial funding at reduced rates in order to offset the cost of resources incurred by families.

Consequently, a number of K-12 schooling options receive public funding in Alberta, however, they do not all constitute public education. Only schools that are accessible to all students

regardless of circumstance, governed by democratically-elected school boards, and funded solely through public monies represent public education. Hence, provincially-funded education is not necessarily public education, but all public education is provincially-funded. The emphasis on “school choice” in Alberta – legislated by the new *Choice in Education Act* (2019) which amended the *School Act* – however, signals a commitment on the part of government to further entrench a range of schooling options that vie for public funds.

Below is a figure illustrating the percentage of students enrolled by each type of school in Alberta in 2019-20. Since provincial funding is enrolment-based, each school authority represents a *fragment* of the total funding available for public education.



Source: Government of Alberta

### K-12 Education Funding: 1994-2020

The methods and systems by which provincial funding is allocated to school authorities in Alberta is based on government policy and regulations that have remained fairly consistent since the mid-1990s. Ralph Klein’s Progressive Conservative government (1992-2006) laid the groundwork for how education funding in Alberta has operated for the last twenty-five years. More recently, Jason Kenney’s United Conservative Party has committed to revamping the way in which provincial funds are allocated to school authorities; resulting in a new funding model that was implemented in September 2020. This section looks at the historical trajectory of Alberta’s K-12 funding model, how it works, and how much funding has been available.

Prior to the late Ralph Klein's tenure as Premier of Alberta, K-12 education in Alberta was funded through local taxes that were levied and collected by municipalities and given directly to local school boards as well as revenue from the provincial government. Under this funding arrangement, former Education Minister Gary Mar explained "before 1995, the per student amount that school boards had to spend was determined by the wealth of the local tax base" and "large inequities existed" (Neu, Peters & Taylor, 2002, p. 1068). Not long after Ralph Klein's Progressive Conservative government was elected to power, on a platform stressing fiscal restraint, his government enacted the *School Amendment Act* in 1994. It was a comprehensive school reform package that shifted more authority and responsibility from local authorities to the provincial government, including funding methods and allocations.

The *School Amendment Act* included both a 12.4 per cent reduction in education funding levels and a shift in authority from school boards to the provincial government to set property tax rates for education. These reforms were meant to control and restrain public expenditures on education by removing the authority of school boards to levy high property taxes (Garcea, 2014). By introducing a provincially-mandated uniform mill rate, the provincial government prevented school boards from setting their own tax rates to make up for cuts in funding (Evans, 1999). The provincial government justified the move to a uniform mill rate on the grounds that it would lead to greater equity and equality across the province in terms of education funding, education facilities, and education programs and services (Alberta Education, 1994).

In coordination with Alberta's *School Act*, the provincial government established the Alberta School Foundation Fund (ASFF) to collect education property taxes levied by municipalities. School boards then receive transfers from the provincial government through the ASFF on a per-student basis equal across the province. The equal per-student rate that school boards receive is calculated by dividing the total revenue collected from education property taxes by the total number of ASFF eligible students. Francophone schools, charter schools, accredited funded private schools and private ECS operators are not funded through the ASFF.

In turn, the Government of Alberta provides school jurisdictions with financial allocations deriving from either the ASFF or the province's General Revenue Fund (GRF), or both. The GRF is made up of income tax, royalties, gaming, Federal transfers, and investment income. A school jurisdiction will receive funding from the GRF equal to its funding allocation less the payments it receives from the ASFF (if applicable) (Government of Alberta, 2020). For example, a public school jurisdiction entitled to a funding allocation of \$40 million that receives \$10 million from the ASFF would receive \$30 million from the GRF.

Over the past 30 years, the proportion of funding allocations stemming from the education property tax has decreased among applicable school boards in Alberta. "The share of education operating costs covered by the tax was about 30 per cent in 2020-21, compared to 51 per cent in 1994-95 when the present system was established" (Government of Alberta, 2021b, p. 147). With reduced revenue from education property taxes, the bulk of funding for K-12 education comes from provincial general revenues. In turn, school financing is more than ever dependent upon provincial budgetary allocations that are split amongst competing school jurisdictions.

As the province centralized the collection of revenues, and then distributed those revenues to school boards on an equal per-student rate, funding was no longer allocated to schools based on the local tax base but rather on enrolment. Funding became allocated through a series of grants, whereby each school authority (including public, separate, francophone, charter, and to a certain extent, private) were allocated funds based on instructional blocks paid out on a per-student basis. As a result, “school boards began to compete for funding (and, by extension, students), which meant that student populations in schools became the most important part of the funding dialogue” (McNeil & Carmichael, n.d.,

### **Opted-Out School Boards**

The Constitution of Canada guarantees Protestant and Roman Catholic citizens’ minority rights to a separate education system. Unlike other school boards, separate school boards in Alberta are therefore allowed to opt out of the ASFF and collect general school funds through local taxation. Separate school boards set their own rates for education property taxes within their jurisdiction and property owners can chose to direct their education property tax dollars to a separate school board or to the ASFF. In Alberta, there are 17 separate school boards; all of which have opted-out of the ASFF. To ensure fiscal parity, the provincial government has the authority to adjust any differences in financial allocations accruing from property taxes. Thus, if a separate school board opting-out receives less money from property taxes than the per-student rate it would have received through the ASFF, then the Fund provides additional property tax transfers to match the amount received by all other school boards in the province. Conversely, if a separate school board receives more property taxes than what would have been allocated through ASFF, then the board must pay those differences to the Fund. This is intended to rule out any sort of unfair advantage for school boards choosing not to participate in the ASFF, and ensure that all school boards receive the same level of funding regardless of how funds are collected.

p. 5). This meant that every school had a “strong financial incentive to attract customers or be disciplined by economic failure” (Kachur, 1999, p. 108). It is a method of funding resembling a type of quasi-voucher system in which public funding follows the student to their school of choice—whether that school be public, separate, Francophone, charter, or an accredited private school.

The goal of education funding reforms implemented during the Klein-era were meant to establish “equality of opportunity” in order to spur competition among schools so as to “raise standards for all” (Kachur, 1999, p. 108). According to Kachur (1999) they were also meant to “destabilize locally controlled boards and public systems” and “to push all education systems toward greater privatization and differentiation” by emphasizing competition among schools (p. 107-8). So, while funding reforms were meant to provide “equality of opportunity” across the province, they also created a market-like environment based on competition in which differentiated providers began to compete for public funding via student enrolment.

Before Klein-era reforms, reliance on local property taxes caused inequitable funding amongst school boards across the province. However, in a study by Neu, Peters & Taylor (2002) it was

found that “inequities between districts in terms of per-student total revenues and per-student instructional spending have not decreased in the post-change period” (p. 1082). While Alberta’s Minister of Education, Gary Mar, stated at the time that such changes were meant to “provide more dollars for the classroom” through more equitable redistribution, in practicality, they reduced spending and school boards lost the authority to supplement revenue by levying local tax rates. As a result, public concerns related to fairness and equity shifted to concerns about the adequacy of overall funding (Neu, Peters & Taylor, 2002).

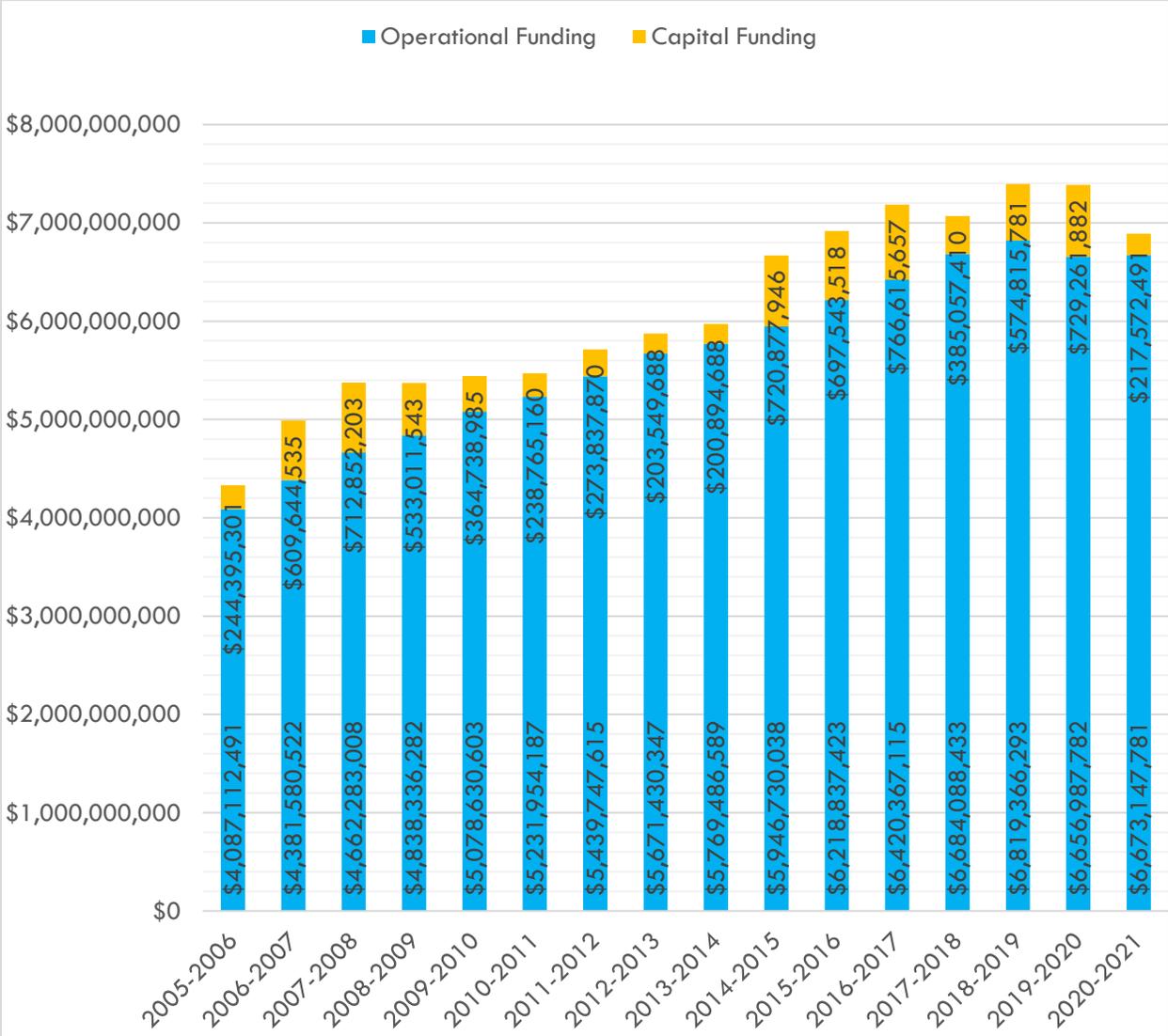
Funding for K-12 education in Alberta is therefore provided primarily on a per-student basis that is meant to be fair and equal. The Province has established a funding framework that “allocates funding to school authorities based on the demographic and geographic environment in which services are delivered to students” (Alberta Education, 2018, p. 6). The funding framework entails six main categories of funding: (1) *Base funding* is the largest component of funding for an authority, covering instructional costs such as teacher salaries and classroom materials. For Kindergarten and Grades 1 to 9 base funding is provided on a per-student basis, and for Grades 10 to 12 students are funded based on the number of high school credits taken. (2) *Differential funding* is provided in addition to base funding and is meant to address the unique characteristics and circumstances of each school authority, including funding for severe disabilities, Francisation, ESL, socio-economic conditions, Northern allowance, equity of opportunity, inclusive education, and transportation funding, for example. (3) *First Nations, Métis and Inuit related funding* is provided in addition to base and differential funding and is provided to support FNMI education. (4) *Targeted funding* is also provided in addition to base and differential funding and is designated for specific provincial initiatives, such as regional collaborative service delivery, high-speed networking services, class size reductions, elimination of school fees, and nutrition programs, for example, (5) *Other Provincial Support* is provided in addition to other funding to cover institutional programs, debt retirement, and the Fort McMurray allowance. (6) *Capital Funding* is provided to public school boards to build new or replacement schools, invest in modernizing or renovating existing school facilities, and maintain safe and healthy school facilities. This funding framework, however, was revised in 2020 as the United Conservative Party (UCP) streamlined thirty-six grants into fifteen in order to “reduce duplication, increase local flexibility, simplify planning/reporting and direct funding to the classroom” (Government of Alberta, 2020, p. 5). (The fourth section of this report will review Alberta’s new funding model for K-12 education.)

The provincial government therefore has established the systems and procedures by which operational funds are allocated to school boards in Alberta. The funding model is intended to be equitable and flexible, while entrusting school boards with the local autonomy to use funds as they see fit in order to address the needs of their students. However, as Herman (2013) notes – commenting on Alberta’s K-12 funding model – “it is certainly possible to have an equitable funding system that fails to provide sufficient overall funding for schools, and the two issues must not be conflated” (p. 14).

While the preceding discussion deals primarily with operational funding procedures for K-12 education, the processes for capital funding (including school construction, modernization, and

renovation projects) differ from operational funding. The capital plans and projects for schools are developed and implemented by Alberta Education and Alberta Infrastructure in coordination with local school boards. “Each year school boards must assess their school capital needs and prioritize proposed projects based on safety of existing school facilities, enrolment pressures, modernization needs, etc.” (Government of Alberta, 2015, p. 8). Alberta Education oversees the prioritization, planning, and approval processes for new projects that are adopted into its Capital Plan, and Alberta Infrastructure leads the technical and financial implementation of those projects (Government of Alberta, 2021c). Figure 2 below illustrates the overall operational and capital funding provided by the provincial government to K-12 education via public, separate, Francophone, and charter school authorities since 2005.

Figure 2: Overall Funding to Public, Separate, Francophone and Charter Schools in Alberta



\*Operational funding excludes regional collaborative services (student health, CYCN, RECS), regional consortiums, federal support for French language programs, federal Covid-19 funding, and teacher retirement funding.

\*Operational funding includes Infrastructure Maintenance and Renewal (IMR) funding.

\*Amounts exclude funding for private schools/private ECS operators, federal schools, and provincial school programs in colleges.

Source: Government of Alberta

Figure 2 shows that operational and capital funding for all public, separate, Francophone, and charter schools in Alberta has increased from \$4.33 billion in 2005-06 to \$7.39 billion in 2019-20. As a result, funding has increased by more than \$3 billion or 71 per cent over the last fourteen years. However, operational and capital funding has increased by only \$470 million or 6.8 per cent from 2015 till 2020 indicating that significant increases in funding levels have largely leveled-off, although student enrolment has continued to increase by approximately 2-3 per cent each year in the same time span. School authorities in Alberta actually received \$162 million less in operational funding for the 2019-20 school year compared to the previous year.<sup>1</sup>

To evaluate the financial health of school jurisdictions, Alberta Education uses the Accumulated Surplus from Operations (ASO), which is composed of unrestricted surplus and operating reserves. Essentially, it is the unspent surplus accruing from operational funding allocations from previous years. While the accumulated operating surplus for a school authority may act as a proxy indicator of sufficient overall funding, it is not a true indicator of such. Accumulating and maintaining an operating surplus (or reserve) is necessary to mitigate any potential financial emergencies encountered by school jurisdictions as well as act as a buffer against any significant changes in funding, including the ebb and flow of an enrolment-based funding model. School boards, therefore, must take this into consideration during budgeting and planning processes.

At the end of the 2011-12 school year, the combined accumulated operating surplus of school authorities was \$303 million, by 2015-16 it reached a high of \$490 million, and in 2019-20 it was \$388 million. At \$388 million, the combined operating surplus was 4.8 per cent of the total operating expenses of school authorities in 2019-20. The combined accumulated operating surplus has decreased over the years due to higher annual deficits of school jurisdictions. Annual operating deficits are acceptable to the Ministry of Education so long as school jurisdictions have sufficient accumulated surpluses available to cover the shortfall. The number of jurisdictions that incurred annual operating deficits decreased to thirty-six (out of seventy-four) in 2019 from forty in 2018 and forty-two in 2017. Alberta Education recommends that school jurisdictions maintain an accumulated operating surplus, as a percentage of total operating expenses, between 1-5 per cent. At the end of the 2019-20 school year, forty-six jurisdictions were above 5 per cent, and three were below 1 per cent. Among public, separate, and Francophone school authorities, the accumulated surplus from operations as a percentage of expenses range from a high of 26.8 per cent to an accumulated operating deficit of -1.2 per cent. Comparatively, charter schools in Alberta are accumulating more operating surpluses relative to other school jurisdictions, as three out of thirteen charter school authorities have reserves totalling more than 51 per cent of expenses and two other charter authorities have an operating surplus of 21.6 per cent and 23.8

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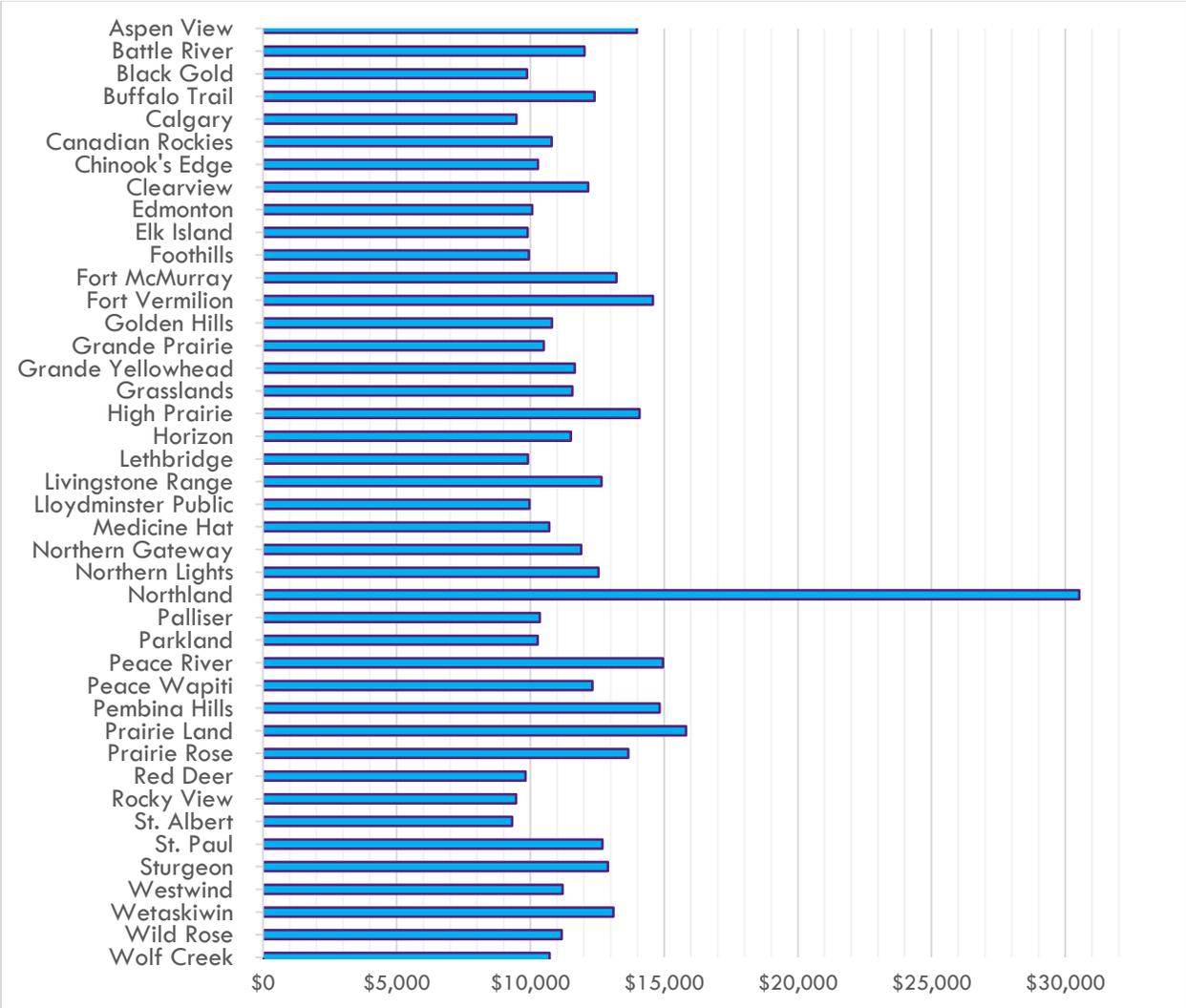
<sup>1</sup> Although operational funding to public, separate, Francophone, and charter school authorities was reduced by \$162 million in 2019-20, the combined accumulated operating surplus of school authorities slightly increased by \$3 million from 2018-19 to 2019-20. While this may suggest that school jurisdictions had sufficient funding despite the \$162 million reduction, it may be an indication that school boards were compelled to cut expenditures and/or maximize cost-efficiencies in order to balance their own budgets given the \$162 million reduction. Moreover, the Calgary School Division alone contributed significantly to the overall accumulated surplus that year, and if removed from this calculation, reveals that collectively school authorities in Alberta would have seen a combined operating deficit totalling \$14.2 million.

per cent of their expenses. The accumulated operating surpluses of school authorities seems, at least in part, to be an impetus for systemic funding changes currently taking place (discussed later in this report) which emphasize cost-containment and a flat budget for K-12 education until at least 2023-24. This next section breaks down funding per student by each school authority.

### Funding Per Student by School Authority

The following figures provide the per-student funding amounts allocated to each school authority for the 2019-20 school year based on data supplied by the Government of Alberta. Funding per student is calculated by dividing the total amount of operational funding<sup>2</sup> by the (full-time equivalent) funded headcount for each school authority.

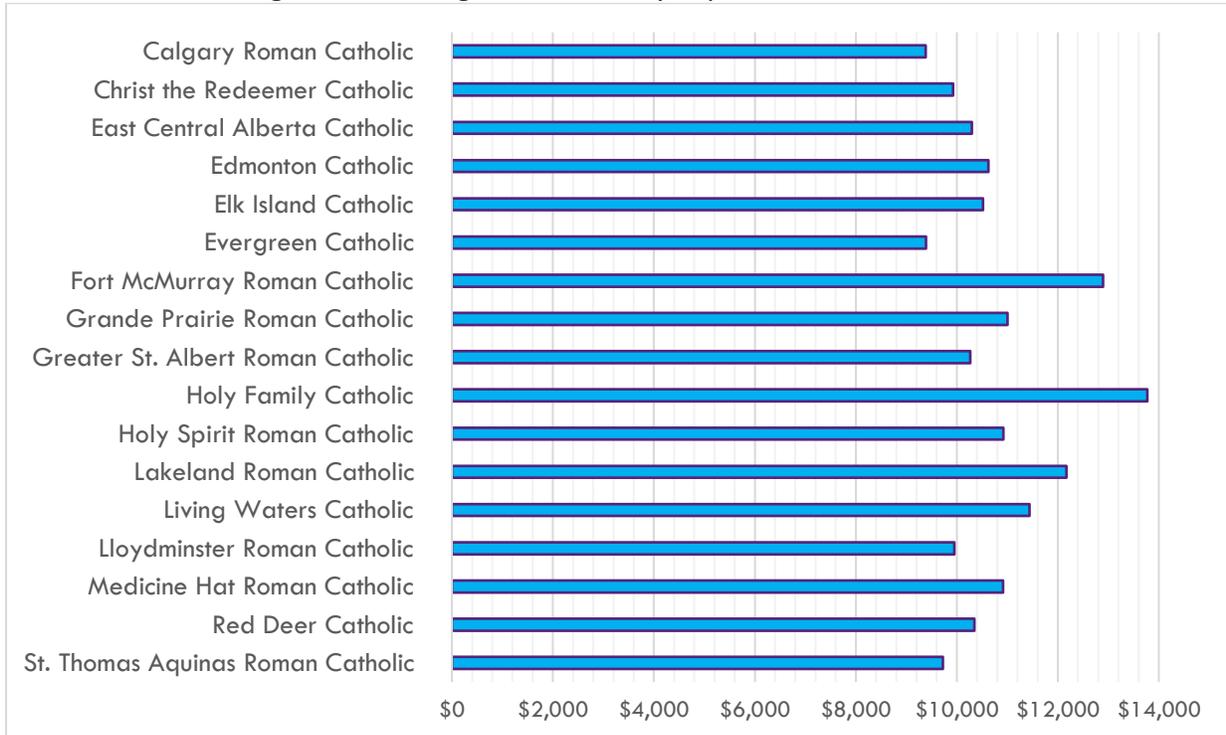
Figure 3: Funding Per Student by Public School Divisions



<sup>2</sup> Operational funding excludes capital funding, regional collaborative services, regional consortium, federal support for French language programs, and teacher retirement funding.

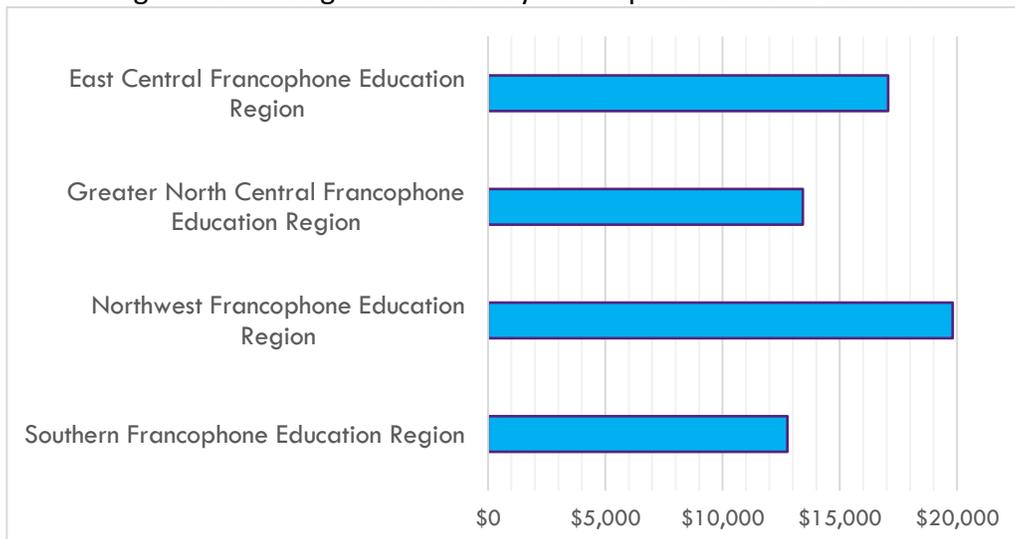
In 2019-20, funding per student among public school divisions ranged from \$9,319 to \$30,522. For all public school divisions in Alberta, the total average of funding per student in 2019-20 was \$10,460.

Figure 4: Funding Per Student by Separate School Divisions



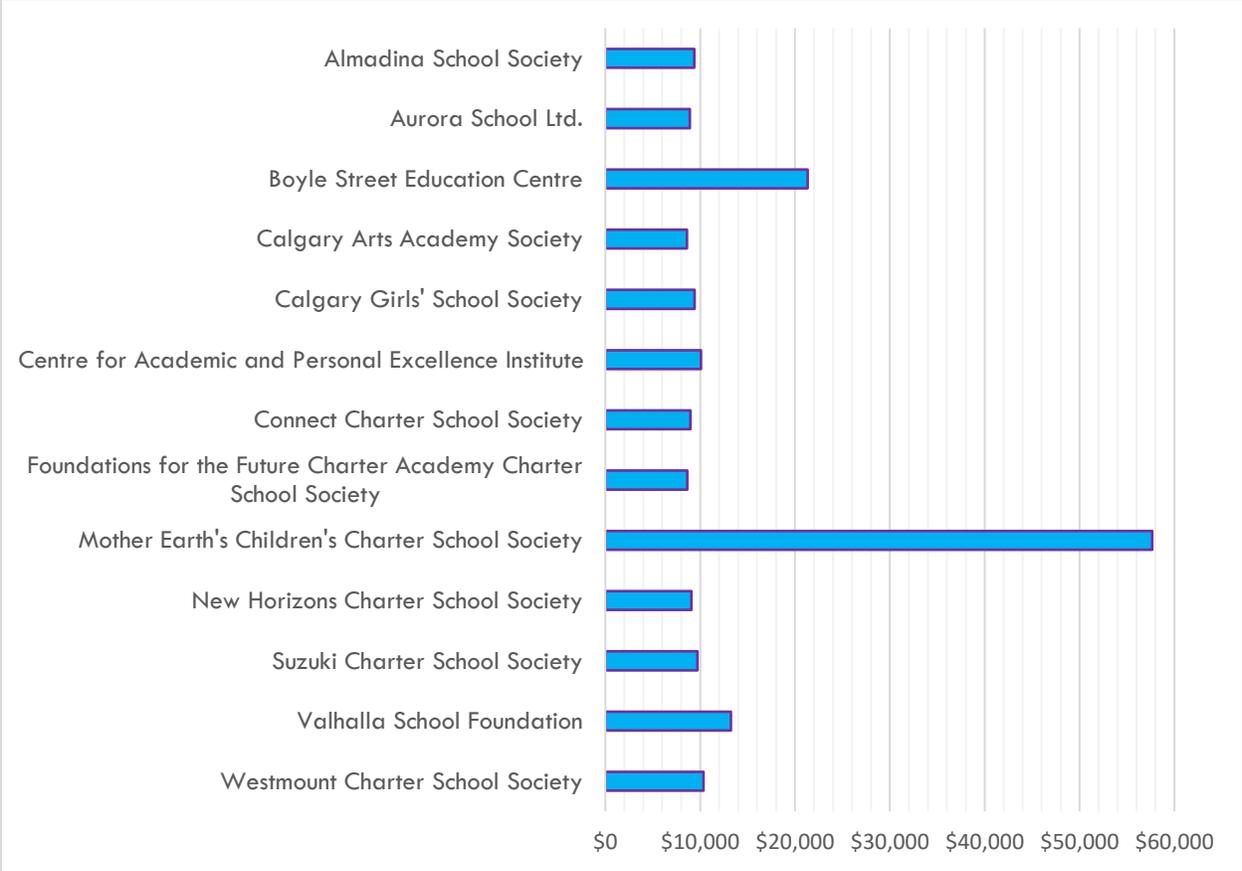
In 2019-20, funding per student among separate school divisions ranged from \$9,384 to \$13,770. For all separate school divisions in Alberta, the total average of funding per student in 2019-20 was \$10,238.

Figure 5: Funding Per Student by Francophone School Divisions



In 2019-20, funding per student among Francophone school divisions ranged from \$12,766 to \$19,814. For all Francophone school divisions in Alberta, the total average of funding per student in 2019-20 was \$13,827.

Figure 6: Funding Per Student by Charter School Authorities

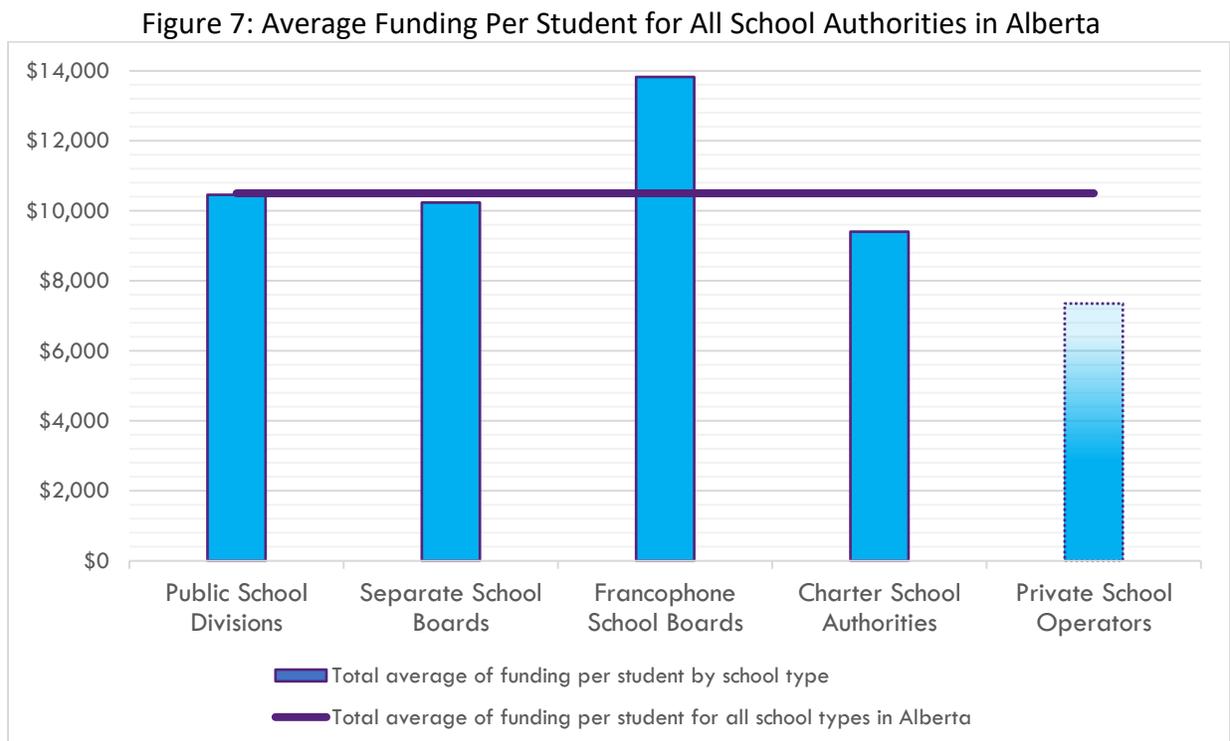


In 2019-20, funding per student among charter school authorities ranged from \$8,612 to \$57,639. For all charter school authorities in Alberta, the total average of funding per student in 2019-20 was \$9,407. The cost of transportation to charter schools is funded substantially by families choosing this school option, which results in lower funding per student provided by government. Charter schools in Alberta are also exempt from the requirement to provide access to special education programs in keeping with the exemption in Section 36(1)(d) of the *School Act*, and as a result, less money is allocated to these schools for specialized learning supports.

There are a number of factors to consider when reviewing the variances in funding between different school jurisdictions in Alberta. First, operational funding allocations are based on the funding framework established by the province that takes into consideration the demographic and geographic environments in which services are delivered to students. For instance, differential funding is provided – in addition to the base funding that all schools receive at an equal rate – in order to address the unique characteristics and circumstances of each school authority. Second, the size of the school (i.e., funded headcount) directly affects the amount of

overall funding available to any given school given that funding grants are primarily provided on a per-student basis. Consequently, the operational funding available to smaller schools and the associated costs to run them will be adversely affected. In turn, the Government of Alberta provides funding grants to small schools in rural areas to address the higher costs associated with operating schools with low enrolments. Since the overhead costs associated with operating smaller schools, including plant operations and administrative costs, are carried by a smaller number of students. For example, Mother Earth’s Children’s Charter School Society had a funded headcount of only 6.5 FTE students in 2019-20 resulting in costs per student of \$57,639. The Northland School Division, spread out over a vast geographical landscape with low population density, had the lowest student enrolment among public school divisions in Alberta with a funded headcount of 1246.5 FTE students, resulting in a funding rate of \$30,522 per student. By contrast, larger schools with higher student populations can achieve economies of scale by spreading out their operating costs across a larger number of students—and thereby, reducing overall expenditures per student.

Public school boards are mandated to provide public education to all youth in Alberta regardless of the demographic or geographic environment in which services are delivered. By contrast, separate schools, Francophone schools, and charter schools can each be established as an alternative program of choice in communities where the numbers are warranted. The same applies to private school operators in Alberta, which should not be overlooked in this discussion. It is worth noting again that private schools are eligible for up to 70 per cent of the same funding that all other schools receive in the province. In turn, the figures illustrated in this section demonstrate both the variation and fragmentation of funding among competing school authorities in Alberta.



## Education Funding Now: Enrolment as a “Weighted Moving Average”

Elected as the provincial government in 2019 on a platform that promised to both fund growth for K-12 education and restrain government spending, Jason Kenney’s UCP government introduced a new K-12 funding model in September 2020. Representing the first overhaul to the funding framework since the Klein government, these changes follow a recommendation by the MacKinnon Report on Alberta’s Finances to “completely review and revise the current education funding formula to ensure enrolment growth is addressed and to provide incentives for sharing services and achieving better outcomes for students” (2019, p. 6). Recognizing that reforms to the K-12 funding formula were only recently introduced, this section provides a preliminary analysis of the new funding formula.

The mandate of the new funding framework is cost-containment. As such, it involves a restructured finance model by which the system is funded, not the student. At the core of these changes, therefore, is a new approach to measuring enrolment. The annual student count is the basis for nearly every major education system grant. The new funding formula involves a shift to a weighted three-year average methodology to calculate allocations to each school jurisdiction. This “weighted moving average” (WMA) model is based on a formula that weighs the previous school year’s actual enrolment at 20 per cent, the estimated current enrolment at 30 per cent, and the projected enrolment for the next school year at 50 per cent. The sum of the resulting average student population based on those three years then serves as the basis for funding allocations.

As a result of the new funding formula, instead of funding boards based on actual enrolment numbers as measured in the Fall, the weighted three-year average enrolment number is used to determine the funded headcount when budgets are submitted in the Spring. In turn, this model will provide school districts with a budget entailing how much provincial funding is available by the end of March, instead of September when the school year has already begun. Although it does give school boards more predictability in their planning and budgeting processes, this formula will not adequately address enrolment growth since allocations are partway based on enrolment from previous years. An allocation method that distributes funds based on an average three-year enrolment count, rather than tallying students currently enrolled for that school year, will inevitably lead to the misallocation of resources. To help address this issue, the new funding framework allows for more flexibility among school authorities to allocate their resources as they see fit by reducing “red tape” in terms of targeted grant allocations, reporting, and planning. Nevertheless, it is a model that is geared to prioritize predictable funding, rather than adequate funding.

In the 2019-20 school year, 70 per cent of school jurisdictions in Alberta saw an increase in enrolment growth. As a result of the new provincial funding formula, school boards experiencing enrolment growth will not be properly funded as any increase in government funding will always lag behind the actual enrolment count because of the weighted moving average funding formula. Hence, the revised funding formula will not ensure enrolment growth is addressed. This is

indicated by an example provided in the *Funding Manual for School Authorities 2020-21*, which illustrates this point:

*Example A:* WMA calculation of a school jurisdiction with a *growing* student enrolment would be as follows:

School Year	Weighted Factor	Enrolment Count (FTE)
2018/19	20%	16,480
2019/20	30%	16,700
2020/21	50%	16,850
WMA Enrolment (FTE)	$(16,480*20\%+16,700*30\%+16,850*50\%) = \mathbf{16,731}$	

Source: Government of Alberta

As the example shows, funding allocations to this school jurisdiction will be based on an enrolment count of 16,731 despite the projected enrolment rate for the current school year being 16,850. Based on this funding formula, an estimated 119 students in this jurisdiction would not be properly accounted for in terms of funding allocations. As the example illustrates, any school board with increasing enrolment will therefore be funded for fewer students than are actually being served. This is important because 70 per cent of Alberta’s school boards are growing, and in turn, will be underfunded due to this financing model. Consequently, cuts in other areas such as program supports and services will be necessary to balance the budgets of growing school boards, which will ultimately shortchange students in the classroom.

*Example B:* WMA calculation of a school jurisdiction with a *declining* student enrolment would be as follows:

School Year	Weighted Factor	Enrolment Count (FTE)
2018/19	20%	5,460
2019/20	30%	5,400
2020/21	50%	5,350
WMA Enrolment (FTE)	$(5,460*20\%+5,400*30\%+5,350*50\%) = \mathbf{5,387}$	

Source: Government of Alberta

According to the WMA formula, school boards with diminishing enrolment counts will lose money more slowly as the number of students decline. While this is an improvement that supports shrinking rural school boards in Alberta, it does so to the detriment of school boards with growing student populations, which is the majority of school jurisdictions in Alberta. As it currently stands, the weighted moving average funding model appears to be a solution to one problem that will exacerbate another. Thus, it is a counterproductive approach that should not be expected to effectively address enrolment growth, but rather the opposite.

Table 1 below illustrates the change in funding per student from 2018-19 to 2020-21 for all school boards in Alberta that will see a reduction in funding allocations per student given the implementation of the new weighted moving average funding formula. Based on this analysis,

forty-three school boards, which serve more than 80 per cent of the K-12 students enrolled in Alberta, will see a reduction in per-pupil funding in 2020-21. By contrast, the remaining thirty-three school boards, all of which have decreasing enrolment rates, will each see an increase in funding per student. Hence, the table below illustrates the impact of the new model and the resulting change in funding from 2018-19 to 2020-21 for the majority of school boards in Alberta. Operational funding amounts for each school board as well as student enrolment numbers were obtained directly from the Government of Alberta.

Table 1: Change in Funding from 2018-19 to 2020-21 for School Boards with Decreased Funding Per Student

School Board	Funding in 2020-21 school year	Funding change from 2018-19 school year	Student Enrolment change (FTE) from 2018-2020	Change in funding per student from 2018 to 2020		
Public	Black Gold School Division	\$114,681,718	-\$1,335,880	+441.5 (3.93%)	-\$505	
	Buffalo Trail School Division	\$47,572,022	-1,496,941	-94.5 (-2.45%)	-\$79	
	Calgary School Division	\$1,129,991,736	-\$49,457,498	+1,183.5 (1.02%)	-\$522	
	Chinook's Edge School Division	\$107,607,168	-3,341,212	-254 (-2.42%)	-\$64	
	Edmonton School Division	\$1,003,400,340	-\$15,900,608	+2486 (2.58%)	-\$427	
	Elk Island School Division	\$162,715,348	-\$7,659,782	-197 (-1.20%)	-\$345	
	Fort McMurray School Division	\$73,850,563	-\$963,031	+434 (8.17%)	-\$1,230	
	Golden Hills School Division	\$67,706,049	+\$2,062,672	+567.5 (9.37%)	-\$617	
	Lethbridge School Division	\$108,096,764	-\$1,864,548	+7 (0.07%)	-\$183	
	Livingstone Range School Division	\$41,446,067	-\$986,059	+41 (1.29%)	-\$479	
	Lloydminster Public School Division	\$22,276,447	-890,567	-46 (-2.03%)	-\$189	
	Medicine Hat School Division	\$73,938,928	-\$3,820,493	-285 (-4.07%)	-\$98	
	Northland School Division	\$36,477,831	-\$3,647,453	+26 (2.04%)	-\$3,440	
	Palliser School Division	\$84,852,215	+\$251,245	+136 (1.71%)	-\$148	
	Parkland School Division	\$111,883,391	-\$2,822,128	+247.5 (2.38%)	-\$522	
	Pembina School Hills Division	\$59,960,530	-\$8,459,920	+62 (1.09%)	-\$1,594	
	Prairie Land School Division	\$21,866,037	+\$527,900	+395.5 (30.09%)	-\$3,446	
	Prairie Rose School Division	\$43,545,859	-\$256,433	+21 (0.67%)	-\$175	
	Red Deer School Division	\$102,138,200	-\$4,304,974	-139 (-1.33%)	-\$280	
	Rocky View School Division	\$234,630,559	+\$1,797,154	+580.5 (2.47%)	-\$164	
	St. Albert School Division	\$79,109,374	-\$869,782	+244.5 (2.98%)	-\$384	
	St. Paul School Division	\$37,460,241	+\$15,534	+8 (0.27%)	-\$29	
	Separate	Calgary Roman Catholic Separate School Division	\$523,700,937	-\$9,929,635	+190.5 (0.35%)	-\$215
		Christ the Redeemer Catholic Separate School Division	\$90,487,646	+\$2,678,737	+397 (4.60%)	-\$149
		East Central Alberta Catholic Separate School Division	\$21,629,907	+\$821,820	+172 (8.90%)	-\$489
		Edmonton Catholic Separate School Division	\$429,700,181	-\$14,915,812	+1098.5 (2.76%)	-\$664
		Fort McMurray Roman Catholic Separate School Division	\$76,797,719	+\$33,945	+137.5 (2.41%)	-\$312

	Greater St. Albert Roman Catholic Separate School Division	\$55,426,974	-3,662,235	-234 (-4.29%)	-\$216
	Holy Spirit Roman Catholic Separate School Division	\$50,411,005	-\$2,396,116	-16 (-0.34%)	-\$475
	Lloydminster Roman Catholic Separate School Division	\$15,817,079	-\$858,496	-32 (-2.00%)	-\$335
	Medicine Hat Roman Catholic Separate School Division	\$26,952,186	-\$1,215,047	-30.5 (-1.24%)	-\$357
Francophone	Greater North Central Francophone Education Region	\$47,520,437	+\$916,214	+177 (5.32%)	-\$446
	Northwest Francophone Education Region	\$8,424,198	-\$164,857	+1 (0.24%)	-\$450
	Southern Francophone Education Region	\$42,491,810	-\$592,256	+26.5 (0.81%)	-\$286
Charter	Almadina School Society	\$10,980,237	+\$74,882	+72.5 (6.51%)	-\$536
	Aurora School Ltd.	\$7,414,979	-\$174,964	+1.5 (0.18%)	-\$266
	Calgary Arts Academy Society	\$4,201,101	+\$13,718	+8.5 (1.84%)	-\$135
	CAPE – Centre for Academic and Personal Excellence Institute	\$2,478,068	+\$395,499	+59 (30.65%)	-\$965
	Foundations for the Future Charter Academy Charter School Society	\$31,313,994	+\$1,137,622	+176 (5.24%)	-\$125
	New Horizons Charter School Society	\$3,399,229	+\$208,726	+52.5 (15.81%)	-\$769
	Suzuki Charter School Society	\$3,003,231	-\$102,853	+32 (10.63%)	-\$1301
	Westmount Charter School Society	\$13,075,776	-\$72,072	+4 (0.32%)	-\$90

Source: Compiled by author

It is worthwhile to point out that many school jurisdictions in Alberta saw student enrolment counts decline (or increase less than expected) in 2020-21 due to the COVID-19 pandemic. Since the new funding model determines enrolment based on a three-year average, rather than current-year enrolment numbers only, the impact of a sudden decline in enrolment was lessened in 2020-21. However, as more students return to regular school settings in 2021-22, the amount of funding per student that school boards receive is expected to decrease even further than those presented in Table 1 as enrolments increase and the three-year average lags behind current enrolment rates.

Along with the new provincial funding model, the Government of Alberta announced it will maintain overall spending at 2018-19 levels until 2023-24. Overall funding for K-12 education, in turn, will be frozen at \$8.2 billion.<sup>3</sup> Funding levels will therefore remain the same despite government officials predicting a 2.2 per cent increase in student enrolment each year for the next four years. With enrolment growth expected at 2.2 per cent, this means an additional 15,000 students per year, or 60,000 students over four years, approximately, will enter Alberta's K-12 education system with no additional funding to cover this growth in enrolment (Johnson, 2019).

<sup>3</sup> In 2020-21, overall spending will increase by \$100 million to \$8.3 billion on account of school jurisdictions using more of their own-source revenue and reserves to supplement provincial funding as the government transitions to the new K-12 funding model.

Hence, if student enrolment continues to grow, as is expected, while funding levels remain flat, the amount of funding allocated on a per-student rate will continue to drop year after year as a result—putting more pressure on schools, teachers, parents, and students.

To address the additional costs of enrolment growth, the government has proposed to redirect funds to instructional services from other K-12 expenditures. Three grants for classroom funding including Class Size Grants, Classroom Improvement Funding, and the School Fees Reduction Grant were terminated so that money could purportedly be redirected to instructional services in order to help address the costs of enrolment growth. However, documents obtained from the Alberta Teachers' Association in a Freedom of Information and Protection of Privacy request, revealed these grant cancelations resulted in a \$136 million loss to education funding across the province in 2019—indicating that not all the money from these grants were “re-purposed” for instructional services since significant cuts occurred. School finance data obtained from the provincial government for the purposes of this report – noted on page seven and Figure 2 of this report – further indicate that cuts occurred in 2019 as public, separate, Francophone and charter schools received \$162 million less in operational funding than the previous year.

Within this context of reduced government spending on students, the accumulated operating reserves of school authorities are viewed as another source of revenue that can help cover the operational funding shortfall to K-12 education. However, this is not a sustainable source of funding, and with sustained depletion and without clear accountability measures in place, could jeopardize the financial health of school jurisdictions with lesser operating reserves. Furthermore, with the UCP's removal of the NDP's *Bill 1 – An Act to Reduce School Fees*, the stage is set for families to see a possible increase in school fees, particularly for transportation, in order to cover operating costs and enrolment growth. In both cases, financial risks are passed onto local school boards and parents.

When the Government of Alberta first introduced changes to the funding model, it was said in the 2019 Budget that “education’s current funding model is not sustainable” since “operational funding is driven by enrolment, and demographic changes lead to increased competition among school authorities” (Government of Alberta, 2019, p. 86). Under the new formula, funding is still enrolment-based but it will not be allocated upon current enrolment numbers, but rather a three-year average. As a result, school boards currently experiencing growth (which is the majority of school boards in Alberta) will be systematically underfunded. Moreover, school authorities may still continue to compete for enrolment since it is the main factor in determining how much funding is available to a school board, even though funding levels will not accurately reflect the number of enrolled students, and instead, funding per student will actually decrease with growing enrolments—causing schools and teachers to do more with less.

## Conclusion and Recommendations

### **1. Funding for public education is fragmented**

In Alberta, different school authorities vie for provincial funding. As a result, funding for public education is fragmented among competing school authorities (including public, separate, Francophone, charter, and private schools). Tax dollars and provincial general revenues are diverted to fund schooling options across the province, which fragments funding between different authorities, administrations, and buildings. Without this fragmentation of funding, public school boards, which provide schools for all Albertans, no matter how large the geographic area or population density, could offer more options or choices with fewer costs.

### **2. Cooperation and shared resources should be the goal, not competition between boards**

School authorities could take further steps to work more closely to share resources and services in an equitable way that maximizes instructional dollars for the classroom. As the MacKinnon Report (2019) notes, “the most significant drawback of enrolment-based funding is that it incents competition between boards at the expense of collaboration in key areas where greater efficiencies could be achieved” which includes areas “such as shared procurement using the purchasing power of several boards, sharing expenses for busing, and sharing expensive infrastructure such as high schools” (p. 37). Providing incentives for sharing services and resources will continue to enhance opportunities for more choice and access, but also help ensure the equitable and equal redistribution of public funds.

### **3. Private school funding levels should be re-examined**

Accredited private schools receive up to 70 per cent of the provincial funding levels allocated to public schools, but are not eligible for education property tax revenues (which cover about 30 per cent of operational costs for public education). Despite what private school proponents argue, the system does not “save” taxpayers money by requiring wealthy families to cover the difference in funding (and much more) through high tuition fees. Rather, it diverts necessary public funds into elite educational enclaves that are inaccessible to the majority of Albertans – due to cost-prohibitive fees that are levied – while reinforcing segregation and inequities among students. Furthermore, the argument that private schools will cease to operate if they lose public funding has not been shown historically within Canada. Some provinces (including British Columbia, Alberta, Saskatchewan, Manitoba, and Quebec) offer partial funding for private schools, while others (Ontario and the Atlantic Provinces) do not (Fraser Institute, 2015). In all provinces, students still attend private schools regardless of the level of provincial funding. For example, private schools in Ontario receive no financial support through government funding, yet enrol a higher percentage of the total student population compared to Alberta (Fraser Institute, 2015). Private schools, therefore, would continue to operate and offer a choice for families in Alberta, where there is a demand, without necessitating the high levels of public funding that is currently allocated to these private institutions. Further research is necessary to

examine the role, scope, and impact of private schools in Alberta and their impact on public education and communities in the province.

#### ***4. Charter school redesignation***

Charter schools receive the same level of per-student provincial funding that all schools receive in the public system. Yet, they operate autonomously without publicly elected trustees, they accumulate comparatively higher operating surpluses, and they are not obligated to accept every student that seeks admission. Charter schools, therefore, should be given the option of being redesignated as public schools – since they are fully operationally financed by the public system – or become private schools that are funded as such but maintain their autonomy and independence.

#### ***5. The financial health of school jurisdictions' operating reserves should be consistently monitored, assessed, and reported***

The accumulated operating surpluses of school authorities seems, at least in part, to be an impetus for systemic funding changes associated with the new WMA funding model. Within this context of fiscal restructuring that emphasizes cost-containment and a flat budget until at least 2023-24, school boards will be constrained to make use of their own accumulated operating reserves, if applicable, and thereby undertake annual operating deficits to cover funding shortfalls to the system (which is not sustainable). Given that operating reserves will become an increasingly important funding source under the new funding model, the Ministry of Education should consistently follow its process for monitoring, assessing, and reporting on the financial health of school jurisdiction's accumulated operating reserves. This recommendation echoes a recommendation by the Auditor General of Alberta in 2018. Consistent evaluation and reporting would help stakeholders examine the reserve balances of school jurisdictions, while helping to inform how jurisdictions may best plan to use those reserves in an effective and efficient manner. As the Report by the Auditor General notes, "Without adequate monitoring and reporting processes over the financial health of school jurisdictions, the department cannot take the actions necessary to ensure funding is appropriately aligned with the changing needs of school jurisdictions, likely resulting in sub-optimal outcomes for students, parents, and teachers" (2018, p. 53).

#### ***6. Continued investment in Program Supports and Services are key to care for the most vulnerable students***

As enrolment and class sizes continue to increase, as expected, while spending is contained until at least 2023-24, vulnerable children and youth requiring additional school supports should not be adversely impacted by these changes. Effectively funding program supports and services for learners that are vulnerable is especially necessary given the scope of the impact of the COVID-19 pandemic, and the scale to which inequity has been revealed and exacerbated, which necessitates substantial investment in emotional and mental health supports as well as program

supports and services to narrow growing achievement gaps and reduce the long-term impact of loss learning.

***7. Further pre- and post-evaluation of weighted moving average funding formula is required***

Evaluative assessments and comparisons of both pre-WMA and post-WMA funding formulas are required to better understand the impacts of these changes. As it currently stands, this new funding formula does not adequately fund growth in student population. Does predictable funding outweigh any funding gaps for growing school boards? Will it generate greater autonomy among school boards with respect to their budgets or further centralize authority? Will school boards be expected to increasingly rely on their own-source revenues and reserves to fund growth in student enrolment? How will this new funding model impact per student funding allocations in the coming years compared to pre-WMA provisions? Will this new funding model reduce competition among school boards that compete for enrolment-based funding? What are the cost-savings of this new funding model? And finally, what are the impacts on teachers and learners of these changes? These are questions that warrant serious consideration to ensure public funding to K-12 education is adequate, equitable, and achieving the outcomes desired.

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