



Frequently Asked Questions Budget Webinar 2018/19

Q1. What are fee for service rates now?

A. The rates included in the proposed budget are \$225.75 for educational services and \$210 for communications services.

These rates were held to last year's levels.

School boards utilizing these services are not charged for travel (neither time nor direct costs), nor for other expenses such as photocopying, materials and other disbursements.

Q2. Why did you disband the legal department at this time?

A. In keeping with the Foundational Statements, strategic priorities, budget presentation and outcomes, the Board of Directors examined its Fee for Service offerings and concluded by unanimous decision, that continuing to provide legal services through staff legal counsel was neither fiscally viable nor sustainable.

Current market and fiscal realities had made it difficult for ASBA to provide legal services in a manner that was competitive with private, full-service firms.

With membership fees not having been increased in five years; costs increasing annually; the ability to increase revenue through legal fees having been exhausted; and the fact that larger boards expressed concern and dissatisfaction that their membership fees were being used to subsidize a service from which they derived no value as they did not use ASBA fee based Legal services; it was determined that these services could no longer be maintained in their current form.

The agreement negotiated with Brownlee LLP ensured that members would continue to be able to access to quality legal services which are expert, timely, meaningful and affordable, with rates exclusive to member boards.

Q3. Why were members not consulted prior to the decision being made to disband the legal department?

A. Because disbanding a program of the Association involved job loss and affected long-serving ASBA employees directly, it was not possible to further consult the membership in advance of making the decision.

Doing so would expose the Association to significant legal risk and destabilize the entire ASBA workforce.

Where staffing matters are concerned, this is a standard and necessary limitation on what is discussed publicly prior to a decision being made and communicated with those impacted.

Also, during the presentation of last year's budget, which sought a 3% increase in membership fees and ultimately did not pass, it was made clear that eight consecutive years of deficit budgets and 5 years of zero increase to membership fees, including a decrease of 2% in 2015/16 was no longer sustainable and would necessitate a review of program and service offerings to ensure they were efficient, effective and viable.

Q4. Why do you have so many administrative assistants?

A. Our administrative assistants perform many duties and functions which are not just administrative in nature.

The title of administrative assistant is not truly descriptive of what these people do or how they contribute.

For example, to name a few of their responsibilities, at ASBA, administrative assistants help with event planning and hosting, awards, task forces, grant work, various accounting functions and program work.

They also provide support for services provided to boards, for the ASBA Board of Directors, and for senior management.

Our support staff are an important and critical component to the work carried out at the Association.

In short, everyone at ASBA performs multiple duties which are not necessarily reflected in their job titles. With a small staff, titles are secondary to getting the work of the Association done.

Q5. How are registration fees calculated, and what are they for 2018-2019?

A. Registration fees are set based on the direct and indirect costs associated with holding the event. In the past, the total cost of operating these events has not been fully recovered.

Association policy is that all events should be profit-generating to ensure we have sufficient dollars to cover staffing and overhead.

In the budget, only direct expenses are allocated specifically to General Meetings & Trustee Education expenses in the budget. These are expenses

like the cost of catering and contracted services (facilitator and speaker costs).

There are a number of internal costs which are not allocated to General Meetings & Trustee Education but are contained elsewhere in the budget.

As we look to enhance the educational opportunities available to trustees we are looking to ensure these events are cost neutral so they are self-sustaining. This will be a part of what determines registration fees moving forward.

Q6. When calculating membership fees, where do the student enrolment numbers come from?

A. Alberta Education releases a report each year on Student Population by Grade, School and Authority.

In the membership fee calculation, student enrolments are taken from the most current report.

Q7. What is the membership fee increase?

A. The proposed membership fee increase is 7% or \$205,341 in additional membership revenue over 2017/2018, shared between ASBA's 65 member boards. A 1% increase is approximately \$29,300.

Q8. When school boards are struggling, cutting back staff and programs, why would you ask for a 7% membership fee increase?

A. The ASBA Board of Directors did not arrive at this decision lightly, and there were many factors considered.

In the past few years, the Association has undergone significant changes to make it more sustainable. All services have been reviewed.

Legal and Labour services were discontinued as external changes in the environment, increasing costs and competition necessitated change.

In the 2018/19 budget, six positions have been eliminated from those included in the 2017/18 budget.

Over the next two years, leasing options will be explored to further reduce costs given the smaller staff complement. Overall, the proposed budget represents a decrease this year over last year of 21% (\$1,349,806). With the proposed budget and staffing levels, ASBA has never been smaller.

In discussions, the Board recognized there are many threats, opportunities and challenges ahead for elected trusteeship and local school boards. We exist in a dynamic and ever changing political environment that will need to be actioned on a provincial level.

In addition, there is a demand for increased educational opportunities for new and returning trustees to help them in their governance role. There is also a need for up-to-date research on educational trends and government policy and process decisions that will help inform decisions at the local level.

Important services such as assisting with governance processes, policy development, board evaluations and superintendent recruitments, to name a few, need to be maintained.

We need to demonstrate the value of local trusteeship and locally elected school boards.

Association membership fees have not increased in five years, were in fact decreased by 2% in 2015/16, and over the years have fallen behind inflation and base grant increases by 9.5% and 16.8%, respectively.

We have approved deficit budgets every year except one since 2009-10.

The total proposed increase to membership fee revenues is \$205,341 allocated amongst ASBA's 65 member boards with increases ranging from \$250 to \$20,000 depending on the size of the member board (\$9 million [.13% of funding] to \$1.3 billion [.02% of funding]).

An increased level of investment by the membership is required if the Association is going to be able to deliver on its value proposition. We believe good governance is important and matters. And this Association is here to ensure a strong voice to preserve and promote the autonomy and authority of school boards.

Q9. When is the budget distributed to the members?

A. The draft budget is sent out 60 days prior to the Spring General Meeting in the Budget and Bylaw Bulletin.

In place of the budget presentations which historically made at each of the zones prior to the Spring General Meeting, this webinar was scheduled to ensure all trustees were able to access the information.

Q10. What are ASBA's reserves and how are they determined?

A. On March 31, 2018, Association reserves were at \$4 million.

The Association is required to have operating reserves at a minimum of three months operating costs equal to \$1.3 million. There is also a capital reserve of \$500,000. Also, as revenue is insufficient to match expenditures in the proposed budget, a transfer from the current building reserve of \$217,000 is required to balance the proposed deficit budget. Once this is done, there will be \$2 million remaining.

These dollars are set aside to allow the Association to meet its legal obligations in the event that a partial wind down scenario needs to be pursued.

This is required at this time due to a number of significant risk factors facing ASBA including the following:

- The trend emerging across the country regarding the continued role and viability of school boards;
- The pending provincial election where the continued viability of school boards in Alberta may be brought into question;
- The fact that, unlike school boards, the Association is not financially backstopped by provincial funding; and
- There have been five consecutive years without any membership fee increases, with one of those years seeing a membership fee decrease.

These funds within the reserve need to be secured to allow the Association to meet its legal obligations in the event of a partial wind down scenario where the services of the Association are radically reduced and limited to only those functions which meet minimum service requirements.

These obligations include severing staff, paying out lease and contract costs, and satisfying other contingent liabilities. As a result, those funds within the reserves are not available to finance operational budgets.

This entirely depletes available reserves.

Continuing to fund operational budget deficits by drawing down reserves is not sustainable in light of these requirements.

Q11. When does our current lease expire, and what is the current lease rate? Can we get out of our current lease?

A. The current lease expires in April 2020.

ASBA is in the final two years of a 10 year lease at \$22 per square foot. When the lease was negotiated during the boom in Alberta, this rate was at the lower end of market rates for Edmonton and area. Current operating and property tax costs are an additional \$16.23 per square foot.

Currently, at the direction of the ASBA Board of Directors, management is exploring various leasing options with the current landlord. However, the landlord has no obligation to entertain any of these options as ASBA is contractually obligated by the current leasing arrangement.

Due to high vacancy rates in Edmonton, and at our current location, to exit the current lease, ASBA would be responsible for the entire cost of the lease for the remainder of the term.

As a result, there is nothing in this current budget cycle that reflects reduced leasing costs.

Q12. What is the salary of the CEO of ASBA?

A. ASBA is subject to the provisions of the Personal Information Protection Act (PIPA) where the disclosure of employee personal information is concerned. ASBA is not a public body and is not subject to the “Sunshine List” which requires the disclosure of salaries for senior employees of government and Agencies, Boards and Commissions of government. Unlike School Boards, ASBA is not subject to other public reporting requirements which result in the disclosure of this information where Superintendents are concerned.

Having said that, for those of you who attended SGM last year, you will know that our CEO ultimately volunteered that information in an attempt to see last year’s budget pass. While the proposed budget still did not pass, the CEO’s disclosure revealed that her salary was not an issue that was of concern, nor was it contributing to the need for a membership increase. That continues to be the case. The compensation and terms and conditions of the CEO’s employment with the Association is an authority delegated to the Board of Directors and is not in the hands of the membership.

Q13. Why are the general meetings held where they are? Are there more cost-effective venues which could be considered?

A. We are currently looking for location options for FGM starting in 2019 when our contractual arrangement with the Westin expires.

In Red Deer, unfortunately, there is no other venue that can accommodate the space requirements to hold SGM.

There is some opportunity to consider a different location in south/central Alberta for SGM as Red Deer is not proximate to a major airport, nor is there a selection of conference-appropriate venues.

Q14. Will there be a cost for trustees to attend PD or is this included in the budget?

A. It has been the case historically that ASBA has charged for its PD offerings. In order for us to move forward, we will continue to do that, as it will become an important stream of revenue. But it's critical that we understand that by virtue of being able to use technology to deliver these services, we will see those registration costs decrease. And all of the costs associated with attending PD will also in time go down. These are offerings that you can engage in from your kitchen table, at your leisure. Webinars will be captured and you will have the chance to engage in them after-the-fact.

Q15. Please explain the 1% increase in COLA, and how we can justify the increase when we've been asked to hold the line at 0% for our staff?

A. There is a recognition that these are cash-constrained times across the board, and that there have been a variety of calls from a provincial level to see salaries held. What we're facing at ASBA are contractual obligations. In

2016, ASBA did a routine compensation analysis in relation to staff salaries. At that time, on the recommendation of the external consultant, grids were put in place, and contractual obligations were made.

At ASBA, many longstanding employees are already at the top of their salary grids, which means they will not see any increases on the grid. But part of what became contractually obligated was an automatic COLA increase. To amend this, there are a variety of legal requirements ASBA would have to go through. This isn't possible in the 2018/19 budget; however, if membership would like to amend the bylaws to reflect this change, that may be sent to the Board of Directors as a request for amendment.

Q16. You have proposed increased membership fees while continuing to run a deficit. Please explain your rationale.

A. In order to get out of deficit budgeting, ASBA would need to increase fees by 14.5%. However, the Board of Directors felt this sum was too large. A 7% increase—as proposed—would help alleviate pressures, allowing the Association to carry out its mandate while maintaining a deficit budget.

Q17. How can you say that the dissolution of legal service is cost-neutral when you stated in your presentation that you're supplementing it? There should be some realization in savings by discontinuing it.

A. ASBA's legal services were delivered on a fee-for-service basis and were not self-sustaining. In other words, the full cost of delivering the service exceeded the revenue it generated. Had ASBA not made the decision to discontinue legal services, the need for membership increases would have been higher to subsidize the continuation of the service even more than was already necessary. Also, ASBA had been running at a crippling vacancy rate wherein monies set aside for salaries were subsidizing other expenses. These vacancies have now largely been filled.

Q18. Can we direct more funds toward the promotion of trusteeship instead of using funds for professional development?

A. Local trusteeship is an invaluable and integral part of Alberta's education system. The high standards of education in Alberta is a testament to the value of local trusteeship, and this is demonstrated every day. ASBA believes each and every board governs to the best of its abilities, which is achieved through well-informed trustees. ASBA can guide school boards through professional development opportunities including on topics of governance, financial literacy, communications and engagement. It is through PD that we can help boards achieve our vision of excellence in education through exceptional school board governance.

Q19. When the mission and vision was determined, our political situation was different. Have you considered changing your strategic plan in light of the change in the political landscape to be a stronger advocate?

A. The work on Envisioning our Future began in spring 2016, when ASBA embarked on a review of its Foundational Statements, including its Mission, Vision and Guiding Principles. ASBA's Board of Directors saw this review as an opportunity for exploration and renewal, building on our Association's legacy, and creating bridges to the future.

At ASBA's Spring General Meeting (SGM) in June 2016, the first plenary session was held and all delegates participated in generative discussion. Next, World Café conversations were held at Zones in fall 2016. Finally, ASBA asked the membership for its input again at the Association's Fall General Meeting in November 2016, where three rounds of generative discussion took place.

At each step of the way, ASBA wanted to hear from its membership, and the result is a set of Foundational Statements that we can all be proud of, and that will serve us well in the years to come. This 18-month long

process is one we developed together. Despite political and environmental factors, ASBA must, and will continue forward with its vision of excellence in education through exceptional school board governance.

Q20. What are the key value adds you feel ASBA could offer that other school boards can't?

A. As was talked about in the beginning of the presentation, ASBA's strengths are diversity and choice; and, balance and voice. ASBA is the one association that represents all public, separate and francophone school boards. ASBA's board is excited about the opportunities that will be available in the near future, as ASBA's plans to offer online modules and courses that no other associations in Canada are offering. We know about the threats facing school boards across the country. And the only way to face those challenges is to do it together. ASBA can bring strength in numbers like no other school board or school board association in Alberta can.

Q21. Are there plans to increase staff salaries in this budget? Does ASBA publish salaries like they do for superintendents?

A. ASBA is subject to the provisions of the Personal Information Protection Act (PIPA) where the disclosure of employee personal information is concerned.

ASBA is not a public body and is not subject to the "Sunshine List" which requires the disclosure of salaries for senior employees of government and Agencies, Boards and Commissions of government. Unlike School Boards, ASBA is not subject to other public reporting requirements which result in the disclosure of this information where Superintendents are concerned.

Q22. Why have there been no membership fee increases in five years?

A. ASBA has consistently asked for small membership fee increases to deliver on its mandate; however, for the past five years, none of ASBA's proposed budgets have been passed by membership.

Q23. What accounts for the large drop in the revenue of fee for service?

A. The reduction in revenue from services in budget 2018/19 is the result of the discontinuation of legal services; however, please note that ASBA's legal services were delivered on a fee-for-service basis and were not self-sustaining. In other words, the full cost of delivering the service exceeded the revenue it generated.

Q24. What is the change in staffing complement from last SGM - how many staff did we have at that time? Of the 6FTE that we are down - which positions are they?

A. ASBA's staff complement consisted of 25 FTEs; now its staff complement consists of 19 FTEs.

At the time of the development of the original strategic plan, ASBA was in the process of creating a procurement strategy. Shortly thereafter, the government announced it would develop its own procurement strategy with which ASBA could not compete. As a result, the position of Chief Officer, Retained Services was eliminated.

Additionally, ASBA's legal services team consisted of five lawyers before legal services was dissolved.

For more information about ASBA's staff complement, please visit asba.ab.ca.

Q25. Can you tell us more about what the LMS can do and what type of things trustees might access it for?

A. ASBA's plan is to establish an LMS platform to host learning and

professional development content and resources for all ASBA members, to be accessible via unique log-ins. We will work with governance, fiscal accountability, legal and communications experts to create self-standing online modules to support on-demand learning needs of ASBA members.

In order to do this, plans are underway to design, pilot, implement and evaluate a full-fledged LMS delivery of learning and professional development programs and blended courses to offer to all ASBA members via a suite of delivery technologies, from web-based platforms to mobile devices.

Q26. What was the settlement cost to let go the legal staff?

A. That information is part of Labour and Legal and cannot be disclosed as it is not public information.

Q27. Contingent Liabilities was mentioned during the webinar - could you provide more details on what your contingent liabilities are?

A. Contingent liabilities include:

- Severing staff;
- Paying out lease costs; and,
- Paying out contract costs.

Q28. Normally ASBA identifies the individual and school board asking questions. Can we be provided with this list?

A. ASBA will not share which boards/individuals asked which questions. This information would not change the nature of the question, nor would it change the response.

Q29. I was told at that meeting that the building reserve was not money put away to buy a building for ASBA, but when I look to the

name and definition of the building reserve, the only thing I can think of is that reserve is for a new building. Can you explain?

A. The building and rental offset reserve was set up when the ASBA building was sold 18 years ago. The money from the sale was set aside to either provide a down payment on the purchase price of a new building, or to provide seed funds to construct a new building if and when the board felt it necessary to do so. When our lease expired eight years ago, the board considered all options for proceeding, Because property values were at a peak, and building or buying proved to be too expensive at that time, the Board determined the best course of action was to continue leasing. At that time, the Board of Directors, updated Governance Policy 7 (14.3), the building and rental offset reserve, to allow for funds to be used to subsidize costs to members in the annual budget until the fund was depleted to \$300,000. While section 14.4 describes the Building Reserve, it must be read in conjunction with section 14.3:

Any funds over the maximum approved funding of the operation and sustainability fund will be transferred to the building fund to subsidize costs to members in the annual budget.

Essentially, the Building Reserve has been used to fund consecutive years of deficit budgets. In order to cover the deficit from this year and next, the building reserve will actually be drawn-down to levels below the minimum requirement of \$300K for that fund and the Association will no longer have money to build or buy. This reserve policy will be updated to reflect this reality once the budget has been approved. As revenue is insufficient to match expenditures in the proposed budget, a transfer from the Building Reserve of \$217,074 is required to balance this deficit budget.

Q30. I would like some clarification on the \$2 million "partial wind-down reserve" and how it is different than the \$1.4 million which is reserved to cover three months of the organization. In the video, there are some examples of what it could cover but I am wondering if you have a more detailed break-down of that reserve so I better understand it.

A. The Board of Directors establishes reserves to ensure they are able to meet their legal obligations. This is part of their fiduciary responsibilities to the Association.

The operating reserve is 3 month's operating expenditures (\$1.4 million). The operating reserve is an unrestricted fund balance set aside to smooth cash flows to match monthly expenses and to pay for unexpected expenses. The operating reserve is an important reserve as it mitigates the short-term financial and operational risks that come from variable cash flows.

While the ASBA exists to support school boards, in our operating requirements the ASBA is more like a business than a school board.

Unlike school boards, which are advanced funds from the province on a monthly basis, our operating fund is continually used to meet our on-going cash flow requirements. For example, membership fees are received in late October and April, but ASBA still has to pay operating expenses for the two months before any member fees are collected. In addition, conference and fee-for-service revenue takes two to three months to collect, respectively, but salaries, benefits and other costs of doing business are paid monthly.

From a business prospective, the ASBA would be unable to operate responsibly without an operating reserve and 3 months is a minimum requirement. The operating reserve is an essential part of ensuring we can continue to support school boards as a going concern.

As there are now a number of significant risks facing the Association, the Board of Directors believes it is prudent and necessary to create a wind down reserve to meet its legal obligations in the event that the Association ceases to be a going concern. This includes paying out existing contracts, lease obligations, licensing agreements, severing staff (many of them long term employees), etc.

Because the Association has legal obligations and liabilities that extend into the future that must be satisfied even if ASBA ceases to operate in its current form, funds must be set aside to cover those costs should that eventuality arise. The operating reserve, in conjunction with the wind-down reserve is not sufficient to cover the transition and all existing liabilities.

Additional information about reserves can be found in your Budget and Bylaw document.