

8:30 a.m.

[Mr. White in the chair]

THE CHAIRMAN: Good morning, ladies and gentlemen. Welcome to spring in Alberta, the first day of spring today. The meeting is now in order. We do have a quorum.

First of all, I'd like to have the Hon. Gary Mar, the Minister of Education, introduce to the committee those that are here with him.

MR. MAR: With me here today are Dr. Leroy Sloan immediately to my left, the deputy minister; Mr. Gary Baron, executive director of finance; Jeff Olson to my immediate right, assistant director of school finance; and Dave Antoniuk, assistant director of the human resources distribution centre.

At the outset, Mr. Chairman, since you did mention spring, it reminds me of some words from an Ian Tyson song, *Springtime in Alberta*. The words are:

Just like springtime in Alberta,
warm sunny days and the skies are blue.
Then without a warning,
another winter storm comes raging through.
And the mercury has fallen;
I'm left all alone.
Springtime in Alberta chills me to the bone.

THE CHAIRMAN: Anybody for a second bar? Maybe we can have a vote on it.

MR. MAR: We're here today to present the public accounts for Alberta Education for the 1995-96 fiscal year. In '95-96 the Alberta government was still fighting an operating deficit. It's a battle, as we all know, that was ultimately won, but it was only our second year in 1995-96, and victory in wrestling the deficit was still a year away. These public accounts reflect the reality of that time. It's very satisfying to look back and see how far we've come. In 1995-96 the restructuring work of the two previous fiscal years continued, and it gave us the foundation to build an education system that is focused on student achievement fairly and equitably funded and accountable to taxpayers as well as to parents. It's an education system that sees no difference between a student in Grande Cache and a student in Milk River. It's an education system that sees no difference between a taxpayer in Edson and a taxpayer in the city of Calgary. It's a system that has embraced co-operation and collaboration at all levels from school-based decision-making to curriculum development to setting policy and proposing legislation. This is the education system we will take into the next century of this province.

Education is vital to the Alberta advantage. That was as true in 1995-96 as it is today. That's why in 1995-96 education saw the smallest reduction in all areas of government. While some departments absorbed reductions of 20, 30, 40 percent or more, total education spending was reduced by only 3.7 percent in 1996-97. While we did our part to fight the provincial deficit, students did remain our first priority. Even though total education funding went down by \$36 million in 1995-96 from the previous year, funding for instruction over the same period of time went up more than \$67 million. That's because most of the reductions were made in noninstructional areas like school board administration and spending by my own department, and those dollars were redirected to classrooms just as all our reinvestments have been targeted to areas that support student learning.

In case you get the idea that money was our main concern, I want to tell you that we are aiming for straight A's down our report card in the Department of Education. We're aiming for affordability but

also for accountability and achievement. We wanted an A in choice, equity, and fairness. We wanted an A in parent, community, and business involvement. In fact, of the nine goals in our business plan for 1995-96, the first four addressed quality in the education system.

Goal 1 was about focusing education on what students needed to learn and about standards. Goal 2 was about giving parents in the community a more meaningful role in education. Goal 3 was about improving the co-ordination of services for children with special needs, and goal 4, simply stated, was to improve teaching. Only goals 5, 6, 7, and 8 dealt with money, and even then goal 5 was about efficiency and effectiveness in the use of resources and in providing all students with opportunities for success. Goal 6 was about ensuring adequate and equitable funding to school boards so all students have equitable educational opportunity. Goal 7 was about managing my department effectively to increase productivity and to focus clearly on our core business. Goal 8 was about keeping the cost of education reasonable and under control. Our business plan for 1995-96 ended with goal 9, to ensure that education is open and accountable, and I'm satisfied that we're meeting that goal in a responsible and effective way.

Now, while students and the quality of their education came first, there's no doubt that funding is a major issue and our greatest success addressed both, providing equitable funding to ensure quality education for all students. We did this by moving the full provincial funding of education in 1994, and in 1995 we fully implemented the new funding framework. Under the old system, richer school districts brought in \$10,000 or \$20,000 or more per student while poorer districts could barely manage \$3,600. School boards use that money for instruction, administration, and capital expenditures and all other costs associated with education. Accordingly, spending on instruction varied widely from district to district, depending on how much money was raised by a local board and how much they spent on other costs. Under the funding framework implemented in 1995, for the first time the instruction of every student in every part of the province was funded equitably at \$3,686 per student for basic instruction plus \$8,910 for every eligible student identified with a severe disability.

Now, with all we've heard lately about cuts for special-needs students, I want to point out that funding for mild and moderate disabilities and funding for gifted students is included in that \$3,686. The money is still there, but it no longer carries a label, and it is provided as part of the funding for every student in the province of Alberta. Also, we used to provide additional funding for severe disabilities only over a certain number of students per school district. The funding framework provides funding for every eligible student identified as having a severe disability.

In addition to the instruction block, school boards also received funding for administration, transportation, operation and maintenance, and sparsity and distance in the support block and received additional funding under the capital block. On top of that, we capped administrative spending at the board level to between 4 and 6 percent of instruction to make sure the majority of funding went to where it belongs, to the students in the classrooms. Through the funding framework, we ensured fair and equitable funding for the students. We also ensured fairness to taxpayers. Before we implemented a common provincial mill rate, the education taxes on a \$100,000 house could be \$1,800 in one locality while they might only be \$300 on a \$100,000 house in another part of the province. Full provincial funding is erasing that inequity. In 1995-96 we continued to implement a uniform provincial mill rate for education taxes and reduced the rate to 7.3 mills from 7.64 mills in 1993. There were two results. First of all, education tax rates went down for more than 85 percent of Albertans. Secondly, more Albertans owning property of similar value paid similar education taxes,

regardless of where in the province the property was.

I have always said it's not how much we spend but where we spend it, and while public accounts is necessarily about dollars, I want to highlight the results we achieved with those dollars, because in education the bottom line is not a total at the end of a column of numbers. The bottom line is how prepared our graduates are to face and succeed in a world of challenge and change and how ready they are to realize their own dreams and be caring and responsible members of society.

There's no doubt the budget situation helped us focus more quickly on issues of quality. Some very good changes were motivated by money. Capping administrative spending at the school board level means more decisions are now made at the school level by those who are closest to the students. To facilitate that local decision-making, in 1995-96 we released the school council handbook, funded and distributed the school council resource manual, and provided funding for school council in-service to help parents and other school council members make the most effective use of their time and effort on their children's behalf. We also encouraged greater community and business involvement in education to expand the resources available to schools and students and to tap the synergy that private sector thinking and community consciousness could bring to meeting education needs.

8:40

In 1995-96 we worked with stakeholders on the issue of violence in schools. The MLA Implementation Team on Business Involvement made its first report to government. That report would later result in the release of the Framework for Enhancing Business Involvement in Education.

Encouraging parent and community involvement in education was not an off-loading of responsibility, because education cannot and should not be just government's business. Education is everyone's business in the community. We believe strong schools are living parts of strong communities, and that can only be achieved if we encourage strong and meaningful community involvement in our schools at all levels in all areas. More meaningful parental involvement may be part of the reason our results report for 1995-96 shows that 88 percent of parents were satisfied their children were getting a quality education.

Another reason for that level of satisfaction was increased educational choice. We expanded education choices within the public system by opening boundaries between schools and school districts and by approving Canada's first charter schools. In September 1996 the first three charter schools opened in Alberta. Today there are eight charter schools, that offer educational choice to parents and students in Alberta, and a ninth one opens this fall.

Compared to previous years, parents were also more informed in 1995-96 about what their children were expected to learn. The first curriculum handbooks for parents were sent out in that year to great general acclaim, and the first parent guides to provincial achievement testing in grades 3, 6, and 9 also went out.

Probably the biggest reason for high parent satisfaction was the level of student achievement. In 1995-96 we expanded provincial achievement testing to grade 3 and made provincial achievement testing in grades 6 and 9 an annual event instead of every three years. We also expanded diploma exams to include math 33, social studies 33, and science 30. We made math 33 and social studies 33 available in the French language as well.

Students wrote these exams for the first time in January of 1996. The changes we made to the curriculum in 1995-96 will have their effect on achievement tests and diploma exams for years to come. We are starting to see those benefits. Alberta students did very well in the third international mathematics and science study, finishing

third in the world in science and in the top third in math.

Our students were also tops in Canada, finishing first in the national student achievement indicators program. Some of that achievement is due to the common western math curriculum developed jointly with other western provinces and territories and implemented in Alberta schools in grades K to 9 in 1995-96. Some of the achievement may be due to the interim elementary science program and resource listing introduced for optional use in 1995. A lot is due to the quality of teaching in this province, the level of parental support, and the motivation that supports and inspires our students.

Other changes may not have had much of an impact on the big picture, but they are making a big difference to individuals. For example, in 1995-96 we distributed the first two bulletins called Promising Practices in Service Co-ordination. These bulletins share the innovative best practices some schools have developed to meet the special social, emotional, and physical needs some children have.

There were other changes in 1995-96 that parents did not see but that made education delivery more efficient and more cost-effective. For example, to simplify administration in 1995-96, we reduced the number of regulations affecting schools and students by 25 percent. We approved and provided funding for six new regional consortia to provide greater flexibility and relevance to teacher in-service. To increase cost-effectiveness and service in 1995-96, for the first time we provided diploma exam results to school boards electronically, saving paper, postage, and person hours, and we developed a CD-ROM based system that provides school authorities with financial information on the school year.

Now, as I said earlier, we are still building on the foundations laid in 1995-96 and the previous year. One area where that is especially noteworthy is the area of technology. In 1995-96 we released the Framework for Technology Integration in Education, which led directly to the technology integration fund. Until 1999-2000 that fund is making available \$20 million a year in matching funds for computers and now also for software and network components. The Framework for Technology Integration in Education also led to the technology implementation plan released last November. That plan includes strategies for defining student learning expectations in technology, defining teacher technology competencies, and planning and developing appropriate software and electronic learning resources.

In conclusion, we've come a long way since 1995. Two years later total spending on education is higher than in 1995-96 by \$138 million, which is just one-half of 1 percent less than it was in 1992-93. Funding for instruction is higher than in 1995-96 by \$157 million. We are reinvesting in instruction, severe disabilities, equity issues like rural transportation, operation and maintenance, and sparsity and distance. We are reinvesting in capital projects and in technology. Virtual schools are giving home students and distance learners greater access to the Alberta curriculum and to schools.

We have identified new priorities and new key areas for improvement while keeping our commitment to affordability and accountability. We are building on the foundation that was established during the years of restructuring, including 1995-96, and we are certainly looking forward to the future. We are planning to enter that future with an education system that not only supports the Alberta advantage but gives every student an advantage in knowledge, citizenship, technical skills, and thinking ability so they can each make the most of their own individual potential.

I'll entertain questions, Mr. Chairman.

THE CHAIRMAN: Just before we do that, perhaps I should introduce to you and to the members here Mr. Mike Morgan, the Assistant Auditor General, by himself today because his principal

auditor is stuck between here and that distant point called St. Albert. It becomes distant only when the snow arrives, I gather.

We have the standard format, and we'd like to start off with Mr. Yankowsky, please.

MR. YANKOWSKY: Thank you very much, Mr. Chairman. Good morning, hon. minister and staff. I'm referring to page 58 of public accounts, volume 2, element 1.0.10 under departmental support services. I see that the information services operating budget was overspent by some \$246,000. My question here is: were there some particular circumstances which necessitated this unexpected expenditure for '95-96?

MR. MAR: Mr. Chairman, implementation costs for a number of projects including the transcript electronic data interchange project, the transcript fees project, and the student information system were higher than originally budgeted. Additional software and hardware purchases were made to replace obsolete equipment and establish a uniform technology environment. Also, amortization costs were higher than budgeted because of increased systems development costs. I want to point out that all these operating deficits have been covered through surpluses in other areas throughout the department. That will be a general comment I'll make that will apply to all questions of overexpenditures raised by members.

MR. YANKOWSKY: Thank you.

My supplemental, also on page 58. I see there's a new element that shows up there, and that is element 1.0.11, corporate services and information access. It, again, did not appear in the 1994-95 public accounts. Now, I'm sure there is some kind of purpose for this expenditure, probably something to do with FOIP. I'm not really sure. Can you please tell us just what this new element is all about?

8:50

MR. MAR: Item 1.0.11 – I have to find the page – is with respect to the Freedom of Information and Protection of Privacy Act. That is correct. Of the \$353,000 that was originally budgeted, about \$140,000 of that related to FOIP, or approximately 38.3 percent in total actual expenditures.

DR. NICOL: Good morning, Mr. Minister. In the Auditor General's report on the '95-96 budget, there was a recommendation that the minister work more closely with local school boards to establish some local targets and build these into your business plan. This is on, I think, page 77 or 78 of the Auditor General's report. How is that working? Have you implemented that proposal to get these local school board targets built into your planning?

MR. MAR: The 1997 guide for developing school board three-year education plans and annual education results reports requires school authorities to specify targets for improvement for achievement tests and diploma exams to be met by the year 2000-2001. The targets will be included in the school board three-year education plan submitted to the department by May of 1998, and progress will be reported annually in their annual education results reports.

DR. NICOL: How much consultation did you have with the school boards in terms of how to set the targets, or did they have the option of setting the targets on their own and then just following them up with you on this reporting basis?

DR. SLOAN: We've not had a lot of discussion, other than we meet twice a year with the superintendents in the spring and in the fall. We've brought it up there. We also have small focus groups of

representatives, from superintendents and secretary treasurers, that come and meet with the department to discuss the guide for planning and also the results report. So their representatives have input, and we've discussed it there and had their input at that level.

Then at the larger meetings we have in the spring and fall with superintendents, we've let them know that this is the expectation that's needed. But we've not been so presumptuous to figure that we could have the target that's appropriate in all the districts in the province. There is to be a process of working that through. We want to work with them, that they're setting realistic targets for their area and it's not just pulled out of the air, but there needs to be consultation at the local level as well so that as they discuss with their school councils and with their employees, they come up with realistic targets people can be committed to at the local level. The phrase we've used in those provincial meetings with superintendents is: we want to get beyond compliance to commitment; we want people to really be committed to the targets that are there and not just be compliant to put down a number nobody is buying into.

So we've had the initial work with the focus groups and the advisory groups, and we've given the message out in the provincial meetings. I believe it will take a couple of years before those become really committed goals at the local level as they have discussions with parent councils and with employees.

DR. NICOL: What I hear you saying is that the local school boards get to establish their own local targets. You see your responsibility, then, as kind of provincewide co-ordination to make sure there's some degree of consistency and then compliance and making sure the local boards carry through.

DR. SLOAN: Our job is to make sure we have realistic provincial targets. We recognize that the difference between, say, a Northland and an Edmonton city is recognized as well. So there will be differences from district to district and even from school to school. We're finding in, for example, the city of Edmonton there would be quite different targets that would be set from one school to another, depending on where they're at.

THE CHAIRMAN: We do generally allow and the rules allow, as we recall, one supplementary. However, without getting into a dialogue, if there's some information being exchanged, you've probably noticed I've allowed that to go on. So we don't offend the rule, but we know what it is.

MR. MELCHIN: My question has to do with public accounts, page 58, element 2.1.1. That's on the public and separate school support. I know this is in a year of cutbacks, and I suspect the amount given to the various school districts was \$2.4 million less than you estimated. Is that a result of there being fewer students? Why would we have had actually an underexpenditure of what was budgeted or less than budget in a year in which there were cutbacks?

MR. MAR: It is a result of not being able to accurately estimate the number of students. Budgets are prepared some 12 to 16 months in advance of when enrollments and other statistical information is available, so the variance of \$2.4 million represents in aggregate .1 of 1 percent of the funds expended in this category. Again, the budgets are prepared long before the actual statistical information is available.

MR. MELCHIN: How much would our student population vary from year to year?

MR. MAR: Well, it can vary fairly dramatically. In the current

budget year we estimated growth in the 1.2 percent range, and it actually came in in some areas of the province closer to 4 and 5 percent. We try to take into account as many factors as we can, but it can vary reasonably dramatically.

MR. MELCHIN: I'd like to follow up with teachers' pensions. This is item 2.4.1. I appreciate that budget versus actuals is estimated some time in advance. I would have thought the pension service, though, might have been a closer alignment. You're \$2.4 million overexpended. I'd like just a brief explanation of why that was. Also, does the unfunded pension liability work into the current service, or is that funded in some other area?

DR. SLOAN: The first part about the pensions: there was an increase in the current service contribution provided to the teachers' retirement fund. As you can appreciate, depending on how much the teacher is making, it will vary: whether you've got more experienced people or less experienced people, how many are retiring at any one time. The increase reflects salary increases, both the negotiated one and grid movement. Teachers' salaries are affected by two factors: one, the percentage that's negotiated, plus their movement on the grid. You can have a teacher from \$30,000 to 50 thousand plus dollars on that grid; there's quite a variation in a teacher's salary. So those are a reflection of the changes in their salary increases, which are bargained at the local level, and grid movement, which we can't anticipate spot-on.

There was a second question.

MR. MELCHIN: The other had to do with – and I'm not certain how much this applies to the education portion of the teachers – the unfunded pension liability that exists. Is that being estimated or budgeted for catch-up over the next 30, 40 years? That must show up somewhere in the current service expenditures.

DR. SLOAN: Yeah. That unfunded liability is budgeted by Treasury.

Gary, do you just want to give the details on that? We've got about a 60-year solution on this one.

MR. BARON: Yeah. In the mid-2000 year, we'll pay out that unfunded liability or catch-up. This piece is budgeted by Treasury, and it's in the public accounts of Treasury, so those details can be found there.

MR. MELCHIN: Okay.

THE CHAIRMAN: Mr. Zwozdesky.

9:00

MR. ZWOZDESKY: Thank you. I'm referring to the Auditor General's report, hon. minister and staff, page 78, picking up on this recommendation that's made there with regard to assessments and reporting on achievement for provincewide expectations. I can appreciate that it might be difficult to achieve a certain level of, I think I would call it, consistency with regard to outcomes that we expect from the students in terms of their basic skills. But here we have a recommendation from the Auditor General

that the Department of Education require school boards to assess and report on the achievement of those Provincial learning expectations that are not [specifically] assessed by Provincially administered examinations.

My question to the minister is: what steps have you taken in that direction if any at all? Have you had a chance to study that recommendation? Or perhaps it's been accepted, and maybe you're ahead of the game on this one. Maybe the minister or his staff could

comment on any progress they've made in regard to that specific recommendation.

MR. MAR: Well, we are moving to assist boards in assessment of provincial learning expectations, although you of course would recognize that some areas lend themselves more easily to objective measurement than other areas. Certainly our assessment in the core subjects of language arts, math, science, and social studies is perhaps easier to measure. Maybe I'll defer to Leroy on this.

DR. SLOAN: We do have a framework for business involvement in education – this would be one of the areas that's not part of the achievement tests or diploma exams – and that was issued in May of '96. It identified several projects that really get at what the Auditor General's report is talking about, and all of those projects are now under way.

We're trying to develop and support learning expectations related to business and careers. We realize that it's not simply scoring well on tests but making the appropriate transition from school to work. It's a common denominator. We want everybody at some point to enter the workforce and be successful. So we've developed these projects to support the learning related to students entering careers and being successful.

We believe that the groundwork has been laid for assessment of those expectations that we have. For example, creating community structures: we're working with Advanced Education and Career Development, and proposals are under development to support the career education foundation. We believe that by having a career education foundation there, it puts in perpetuity an opportunity for addressing these school-to-work transitions and students being prepared well for the workforce.

Careers: the Next Generation is a partner that's been working with us for some time assisting students in making the transition to apprenticeship programs and to the workplace. We're very involved in that as well, and we're working with them on measures of success.

The apprenticeship programs are easy to count, the RAP program that we have now, with the support of Careers: the Next Generation, where businesspeople are going into communities and working with the business community on the opportunities that are there, structuring apprenticeship opportunities and getting commitments from employers. So there are areas that you can count, like the number of apprenticeships that are available.

Some creative solutions are a little more complex to count, like co-operative apprenticeships among groups of employers in a community. We are developing, particularly with CNG, Careers: the Next Generation, ways to measure those important outcomes, which are students successfully making the transition from school to work, but having meaningful measures of that, that aren't just tests.

We're also trying to work with advanced education on articulation agreements between school districts and the college system so that we have the linkages where students in the high school can be taking some of the college programs as well. Red Deer would be one of the areas that has gotten off the mark. Good co-operation between the college system and the school system there. We are trying to say: where does this kid need to go, what do they need, and if they need a school-based English program and they need to start into a college program, they can take them both concurrently. So we've been able to work in that area of trying to establish those linkages so it's school-to-school and school-to-work transitions and having ways of measuring the success there as well as test scores.

THE CHAIRMAN: Just before we go on, Mr. Morgan has some supplementary answers to the questions.

MR. MORGAN: Thank you, Mr. Chairman. When we did this work, the work which gave rise to this recommendation, the department was very quick to acknowledge that, yes, indeed, even though it was more difficult to measure these scores, these results, nevertheless there was a responsibility to do it. It would have been nice for us to have laid out an exact way of doing it. The nearest we could get was to acknowledge that experimentation would probably be needed, and it would probably take several years before a good or appropriate or satisfactory way of measuring and reporting on these things was attained. We are very pleased, actually, with the department's progress in this, but there is still a way to go with respect to getting some things we think are truly measurable. I'm sure the department would agree with that.

THE CHAIRMAN: Supplementary.

MR. ZWOZDESKY: Thank you. My supplementary. I think consistency is probably the key we're all striving for here, some set of sort of uniform measurements that can be applied not only in a couple of the examples you raised but elsewhere, and Godspeed toward that conclusion. I wanted to ask in relation to that particular recommendation whether or not you've come up with something that would help teachers and other administrators perhaps measure what type of learning is going on with regard to more the affective side of the child's education. I'm thinking in terms of things like cultural diversity, self-respect, self-esteem, self-worth, those kinds of things, which I think might tie in with the multiculturalism education fund, for example. We hear a lot of talk lately about curbing racism and discrimination and those types of ills that befall society from time to time. I'm wondering if within this recommendation you've had a chance to perhaps put forward some positive steps to help alleviate those problems and how to measure the progress students are or are not making in that regard.

DR. SLOAN: The minister has supported three initiatives that we've put under the label of safe and caring schools. The university is taking leadership in one. In terms of research, there was a provincial conference just a couple of weeks ago of people all over the province who had come together both from the education community and from service clubs and other agencies of government realizing that safe and caring schools, the effective domain about how people feel about each other and how they treat each other, is something you can't just put on a test and score but you have a change of heart and a change of attitude and a change of environment. A second major project is being sponsored by the ATA, and the minister is supporting it. The third one is Edmonton public. The ATA one is moving in an area and supporting something that's a Lions Quest program. I don't know if you've heard of that, but the Lions Clubs International have been very supportive of it. It's a curriculum that has been implemented in some parts of the province. It's been very effective particularly at junior high age in helping kids take control of their environment and working to create a safe and caring school environment. It's had a great impact at the junior high level particularly.

The third group Edmonton public is spearheading. Let's Talk was a provincial student conference recently. It's supported by business and was on MuchMusic and really had a great profile in the province. The students are taking control of their environment in their schools to try and make a difference, to create safe and caring schools. So it's not the traditional approach that's being taken with just subject-specific ways of us leveraging change, but the minister has really taken initiatives to work with various groups to create these safe and caring school initiatives.

The feedback we received on all three of them is very positive: they're having an impact. We feel that the balance between research

with the university community – and we made the stipulation that all that research has to be practical on Monday morning. They've got to draw the link. We've actually been thankful to the University of Alberta for insisting on that, because it's forced them to make this very useful and forced the linkages with school systems to use the research. Also, the feedback from the student-led conference that Edmonton public was very involved in; and the ATA has repeatedly in their newsletters been focusing on the safe and caring school initiative, things that are working throughout the province and identifying where projects are making a real difference.

Those are, I think, some of the larger initiatives we've undertaken in the last while to try and address the affective domain that you've been referring to.

9:10

MRS. O'NEILL: Mr. Chairman, on page 133 of the public accounts, volume 2, the education revolving fund is outlined. My question is: why is the revolving fund's loss of \$541,970 so large in relation to the budget's projected loss of only \$250,938? It's a difference of \$291,032 and seems to be particularly noteworthy because of the \$93,724 surplus in 1995. Why is the revolving fund's loss so large in relation to last year's surplus and to the projected loss?

MR. ANTONIUK: The increase is because in the obsolescence reserve that we set, we had a provision of \$250,000 for a loss for science 11 and 12, divisions 2 and 3, and we had to increase that by 30 percent. That was equivalent to \$300,000.

MRS. O'NEILL: I'm sorry; I didn't understand. You knew you were going to have the loss?

MR. ANTONIUK: Originally we budgeted for an obsolescence reserve for divisions 2 and 3, which is science 11 and 12, of 50 percent. We increased that to 80 percent at the end of the year, which reflected an increase of \$300,000.

MRS. O'NEILL: Mr. Chairman, I also noticed that the total sales revenue was lower in 1996 than in 1995, but the total expenses in '96 are higher by about a million. Mr. Minister, could you explain why this is the case, please?

MR. ANTONIUK: That was also because we had increased the obsolescence reserve in 1996 to \$1.5 million from \$800,000.

MR. MAR: In plain language, that's an inventory write-down.

MRS. O'NEILL: Unforeseen?

MR. MAR: Unforeseen at LRDC, yes.

MRS. O'NEILL: Thank you.

THE CHAIRMAN: Mr. Ducharme.

MR. DUCHARME: Thank you, Mr. Chairman. On page 59 element 2.1.2 refers to the debenture principal repayment at a cost of over \$113 million. This seems to take up a substantial amount of the department's budget. Can the minister explain exactly what this is?

MR. MAR: I'm sorry. You were referring to page . . .

MR. DUCHARME: Page 59 at 2.1.2.

MR. MAR: Are you on page 58 perhaps?

MR. DUCHARME: No. Page 59 right at the bottom, nonbudgetary disbursements.

MR. MAR: Line 2.1.2 is in relation to debenture principal repayment. The debenture principal repayment line represents the principal repayments for new school construction loans held by the Alberta Municipal Financing Corporation, or AMFC, and these loans were set up prior to the time when the province switched to 100 percent pay-as-you-go for new school construction.

MR. DUCHARME: Okay. Further to that question, why then was the debenture repayment just about \$8.6 million below the '95-96 estimate allocation?

MR. MAR: The reason is because starting in 1995-96, in that fiscal year, principal debenture payments went from being a shared local/provincial responsibility to only a provincial responsibility under full provincial funding. The unexpended amount of \$8.596 million is a reflection of a change in the administration and timing of the fund transfer to AMFC.

DR. PANNU: Mr. Chairman, let me begin by apologizing for being late. The power went out on the south side of the river, causing some delay, and a tree bowed down by lots of snow also blocked my driveway for a while. Anyway, two good excuses, I hope.

My questions may be redundant. They might have been asked; they're obvious ones. They refer to pages 58 and 59 of volume 2 of public accounts '95-96. In case they have been answered, I would certainly read them in *Hansard*. These questions range over item 1.0.10, information services. There's an overexpenditure there of \$240,000. Then the one on private school support instruction, 2.2.2: there's again an overexpenditure of \$230,000 there. In the same vein, early childhood services, there's an overexpenditure of \$463,000. This is item 2.3.1. If I may go on with your permission so that I don't have to come back in, on page 59 there's over a million dollars unspent, I suppose, in special education. I wonder if the minister would kindly explain these overexpenditures and underexpenditures on pages 58 and 59?

MR. MAR: Back on page 58, line 1.0.10, is a question that I have answered. In brief, it relates to FOIP requirements and having our information services in accordance with that legislation. On 2.2.2, the \$230,000 referred to there overexpended for private school support is simply reflective of an increase in the enrollment in private schools. On 2.3.1 as it relates to early childhood services, I'm advised that also has to do with increased enrollment in ECS.

Going to page 59, your question of why there was a surplus of \$1.1 million in line 3.2.5. The reason for that is because at the time of budget deliberations in 1995-96 for that fiscal year, discussions were still ongoing between senior education officials on the Edmonton public school board dealing with the divestiture of the Alberta School for the Deaf. The uncertainty of the divestiture to a school board was the reason for the large surplus. The surplus of \$1.1 million in the special education branch existed once the divestiture of the Alberta School for the Deaf to the Edmonton public board occurred in the summer of 1995. There were relatively few expenditures for the school in the remainder of that school year and, as a result, there was a surplus that occurred.

DR. PANNU: Thanks.

THE CHAIRMAN: Mr. Stevens.

MR. STEVENS: Thank you, Mr. Chairman. My questions relate to

student programs and evaluation. Referring to page 59, program 3.1, student programs and evaluation had a total deficit of \$694,000. Within this, deficits occurred in student evaluation services, curriculum standards, language services, and distance education. What was the nature of these deficits, and why did almost every element within student programs and evaluation overexpend the estimates?

9:20

MR. MAR: All these deficits resulted because of changes in priorities. However, as I said at the outset in my comments, all these deficits were covered by planned surpluses in other areas. You've raised the issues of student programs and evaluation services, curriculum standards, and also language services, and I'll defer to the deputy minister for details on that.

DR. SLOAN: The student programs and evaluation services was really due to the work on CAMP. CAMP is classroom assessment materials project. Some have expressed concern about the achievement tests being the only form of assessment. What we've tried to do in collaboration with hundreds of teachers throughout the province is develop a toolbox of assessment materials called CAMP – that's the shortened form of it – for all those subjects that we do the student achievement programs with the four cores at the grade levels that aren't covered in the assessment program. So we do that at grades 3, 6, 9, and then the diploma exams in 12. In every other grade we wanted to create a toolbox for teachers that they could use to assess student achievement in those four core areas, not just paper and pencil, not just your traditional test but a battery of assessment materials.

We've been working over a period of years with groups of teachers that would come in and help develop these and then back out for field testing. Those have just gone out now, the final part of this. It's been a massive program that has received attention from other provinces, and even some other countries have contacted us wanting examples of these materials. So the CAMP materials were a reinvestment or a reprioritization. We felt in '95-96 there was a need for more funds, and that's why the student programs and evaluation services' budget changed.

Curriculum standards. This is mainly due to providing increased support to the Chamber of Resources for Careers: the Next Generation. I mentioned a little bit about CNG, Careers: the Next Generation. The type of work they do has certainly been very helpful with the CTS program, with RAP, with these transitions from school to work. So we've had to provide additional support there. There was also the MLA Implementation Team on Business Involvement in technology that required additional funding. There were also some separation payments for downsizing within the department as well. I guess the deficit in the curriculum standards also includes about \$112,000 in support of production and process co-ordination for Learning and Skills Television of Alberta Limited.

The last one, the language services branch overexpenditure of \$77,000, mainly consisted of separation payments for the downsizing of the branch and reorganization, and residual costs would be for Roles and Responsibilities in Education process. None of those were planned originally, but they were covered off through the surpluses elsewhere in the department.

MR. STEVENS: Thank you. I have no supplemental.

DR. NICOL: On page 79 of the Auditor General's report again, Mr. Minister, if I might. Recommendation 10 talks about the relationship between the reported performance information and the local school reporting of financial data that link the cost of achievement with those performance indicators. I was wondering if

you'd comment on how far you've been able to go in terms of getting the school boards at the local level to report the actual cost of achieving their performance results on an item-by-item basis in terms of the level of commitment they've got to get these performance levels.

MR. MAR: Well, we do have a very direct link between performance and cost. That's credit enrollment units or CEUs. Over the last couple of years we've restructured the education system to link performance to cost and focus our educational resources in the classroom, and specifically we've based high school funding on course completions through credit enrollment units. That, again, is a very direct connection between performance and cost.

DR. NICOL: In terms of the support programs that are in there, say, in terms of special needs or English as a Second Language, some of these kinds of things, are they being built in there so that we can see that some schools may have to put many more dollars into these kinds of support structures, the support teaching systems, as opposed to another school that doesn't have that same background problem for their students. You know, the lack of ability to learn, or facility to learn, I guess, is a better word. Are those being built into those cost relationships?

MR. MAR: Well, those are a lot more difficult to deal with. Our department is working with school boards on that. Maybe I'll defer to the deputy for details. Those are a lot more difficult to deal with, as you can appreciate, than CEUs.

DR. SLOAN: Some of the emphasis, for example, in special education is how much money the department is allocating, the \$8,910 per student, and then how much is being spent. But that's really only part of the story. As you say, what's the efficacy of the program that's being used? You might have a very successful program that's low-cost or high-cost. Without that linkage, it's very difficult to critique accurately whether or not the appropriate amount of funds is being expended or if you're having a successful program. You need some measures of effectiveness. Those are very difficult to determine and, particularly with special needs, need to be done on a one-to-one basis to assess the individualized education program, look at what the expenditures in the plan were, and was it successful or not on an individual basis.

Just as recently as last week I was down to zone 6 – the province is divided into really five areas because 2 and 3 went together – and was working with the superintendents on that issue. They realize we realize how difficult it is to link those costs to the successes or some measures of success. But we all recognize that it's needful and that we have to proceed down that road.

In a lot of cases, if you take a special-needs student, it's not just Education working with that student. Social services is spending some money, Health is spending some money, maybe Justice is spending money. We're spending money. Some group within the community is working with them. Then to attribute the success of your expenditure to that student is misleading too. How do you ferret out the \$8,910 that we spent or the \$10,000 that we spent on education versus what all the other partners are spending to try and find success for that student? So it's not a simple relationship, because there are a lot of inputs into that child's life, not just one, and making that direct link between this expenditure caused this change or didn't cause the change is a bit of a leap of faith as well. We're working on it, and we realize we have to get better at determining: was the expenditure successful; was this an efficacious thing to do for this student?

The second area that this is really working on is technology. Again, it's difficult to know. If you add \$20 million to a \$2.9 billion

system, was it that \$20 million that made the difference in performance or a number of other factors? Because there are so many factors impacting on students' success. To say that it was the \$20 million technology that made the difference is a bit of a leap as well in logic. So what we're trying to do is where possible link the expenditure to success. But it's not a simple relationship. We are working with districts and trying to get them to assess.

One recent example is our grade 9 materials for math. We developed a CD-ROM. Our initial testing on that has shown that that has increased student learning, that it's a good resource for increasing student learning. So wherever possible we're trying to do those tests to say: do we have proof that this expenditure is actually leading to the result we're looking for? Academic achievement is only one of them. For these special-needs kids, it's much more difficult to define.

9:30

THE CHAIRMAN: Mr. Zwozdesky, please.

MR. ZWOZDESKY: Thank you. I would direct the minister and his panel to page 61 of volume 2 of public accounts, under Education Revenue. One question with three parts. The first one is with regard to the second line there; it's the statement called Bilingualism, under Transfers from Government of Canada. I wonder if somebody could comment on the reduction in, I gather, a transfer payment from the federal government to the province for bilingualism education from \$70,000 at the close of '95 down to \$11,000 for the close of '96.

Secondly, Mr. Chairman, in the next category, under Fees, Permits, and Licences, we see a significant increase under the column Other from \$209,000 up to \$1,157,000. Perhaps a brief explanation of what that entails.

Finally, under Other Revenue, the next column over it says Refunds of Expenditure, and we see a huge increase in refunds from \$2 million up to over 5 and a half million dollars. I would appreciate just a brief explanation of what's behind that.

Thank you.

MR. MAR: Okay. With respect to the transfers from the government of Canada for bilingualism, those funds are received by the province from the federal government for French correspondence courses at the Alberta Distance Learning Centre. The change was a result of a dramatic reduction in enrollment of students taking French correspondence courses, although I do not have an explanation for you why there was what appears to be a fairly dramatic drop in the number of students taking French by correspondence.

MR. ZWOZDESKY: It was correspondence only; is that right?

MR. MAR: Correspondence only. That's correct. Yes.

The question you asked with respect to other revenue under Fees, Permits, and Licences: the major sources of revenue under other revenue categories include the fees charged for the sale of high school transcripts, \$704,000; teacher certification fees at \$114,000; diploma exam rewrite fees, \$120,000; international student program fees, \$14,000; the teachers' retirement fund information exchange, \$119,000; and other miscellaneous fees of \$86,000 for an aggregate total of about \$1.1 million.

I'm sorry; I forgot your third question.

MR. ZWOZDESKY: Just the next category, Other Revenue, Refunds of Expenditure, the doubling of the figure from one year to the next.

MR. BARON: At the end of the '94-95 year we set up accruals to grants that we expected to pay from the end of that year and pay them out during the new year. All of those costs didn't materialize, so this increase shows an adjusting entry on the revenue side to adjust that overaccrual of the previous year. So it's really an accounting adjustment. It has nothing to do with revenue per se or cash coming in.

MR. ZWOZDESKY: Okay. That's a good answer. I realize there's nothing hidden there. I'll pursue it with you perhaps privately, just to understand the accounting a little better.

Thank you.

DR. PANNU: I would like to direct the attention of the minister back to 2.2 on page 58. You were kind enough to give me an explanation of the overexpenditures on private school instruction and indicated that this was due to the growth in the numbers of students who go to such schools. Since these numbers here have implications of what might happen over the years following this, my question is, Mr. Minister: do you have any idea about whether or not this growth is a continuing trend? Is a steady growth reflected in these numbers, or have we reached a sort of steady state rather than steady growth? There are several reasons I ask this question. With the introduction of charter schools now within the public school system, I wonder if the private schools are indeed becoming redundant and enrollments are therefore leveling off. Secondly, with respect to the freedom of information and protection of privacy legislation we have and the amendment to that legislation that's at present under consideration, I understand that private schools are not covered by that legislation, that Freedom of Information and Protection of Privacy Act. So it is of interest, I guess, to Albertans and to all of us in this House to know whether or not these numbers are going down and what might be the expenditure implications of that.

MR. MAR: To answer your second question first, you're correct that private schools don't fall within the purview of FOIP.

With respect to your question on the growth of enrollments in private schools, I think what you'll find is that there is growth in private schools such that in the province right now there are over 500,000 students. In the year 1995-96 there were 21,555 students enrolled in private schools. There has been a growth in that number, but I think you'll also find that there's been a growth in the overall enrollment of students. So I don't know if the rate of growth of private schools is outstripping the rate of growth of student populations in general. You know, there's definitely a movement of both of them going upwards. From 1980-81 to 1995-96 the number of students enrolled in private schools over that 15-year span went from just over 7,000 to about 21,000, and our projections for '96-97, '97-98, and '98-99 show approximately a growth of about a thousand students for each of those three years. Overall that's a growth rate of somewhere in the range of about 4 percent. I think you'll find that the growth rate of overall students in the province is probably also in the sort of 2 to 4 percent range.

DR. PANNU: A supplementary, Mr. Chairman. Of the some 21,600 students that you referred to as enrolled in private schools as of '95-96, how many of these would be in accredited schools and how many in registered schools?

MR. MAR: There are very few students that are merely in registered schools. The overwhelming majority of those 21,000 students would be in accredited schools. I have to undertake to get back to you. On the number of students in private schools that are only registered and not accredited, to the best of my recollection it would be fewer than

a thousand.

DR. PANNU: Thank you.

THE CHAIRMAN: Mr. Minister, if you could direct those undertakings through the secretary, it would help to aid in distribution.

MR. MAR: Very good. I'll do that, sir.

9:40

MR. KLAPSTEIN: In reference to the education revolving fund on page 133 of the public accounts, volume 2, the accounts receivable balance is almost \$400,000 more in 1996 than it was in 1995. Can the minister tell us why this is the case?

MR. MAR: Go ahead.

MR. ANTONIUK: In 1995-96 the administration for the materials resource centre was transferred to us. There was an outstanding bill of \$200,000 for that function. We also had an outstanding bill of over a hundred thousand dollars for the learning resource credit allocation.

MR. KLAPSTEIN: Also in relation to the education revolving fund, the inventory balance decreased from over \$10 million to just over \$8 million. This is a difference of almost \$1.9 million. Can the minister please explain what types of assets are included in this inventory and why the inventory balance decreased by such a large amount from 1995 to 1996?

MR. ANTONIUK: In 1996 we made a concerted effort to actually control our purchasing of inventory. We stopped purchasing multiyear buys and reduced the amount we were purchasing in relation to our forecasts from 75 to 70 percent. So the multiyear buys were not life-cycle buys but were two-year buys, the reduction from 75 to 70 percent from the forecast of what we normally would buy.

MR. KLAPSTEIN: Thank you.

THE CHAIRMAN: Dr. Nicol, please.

DR. NICOL: Thank you, Mr. Chairman. Mr. Minister, in response to a question earlier – I think it was from Mr. Stevens – you made a comment that the deficits were funded from planned surpluses. I'd just like it clarified a little bit. Is that correct? Did I hear that correctly? He was talking about some of the line items that ran a deficit, and he wanted to know where the money came from. I thought I heard you say it came from planned surpluses.

MR. MAR: You did hear that expression. Those surpluses had to be planned after there was a change in priorities after the budgets were originally set. When the priorities changed, we had to rejig our budget so that we did create surpluses to cover our deficits in other areas.

DR. NICOL: What was the total dollar value of the, quote, planned surpluses, or was it done to balance exactly? You know, I see a difference between a planned surplus as being something that is – before you start to spend your money, you expect at the end of the year to have a surplus, but when you talked about jiggling the numbers from one line to the other so you could cover a deficit from an area that fortunately hadn't spent all its money, to me that's not a planned surplus; that's a fortunate surplus. So I see a difference.

How much total dollar value of planned surpluses was built into your budget in '95-96 to allow you to cover these other expenditures?

MR. MAR: Just to be clear, at the outset of the planning process, we don't really plan these surpluses. During the course of the fiscal year, though, because of changes in priorities, we had to reallocate money from certain areas to cover things that had not been planned at the outset.

DR. NICOL: Okay. So they're experienced surpluses more than planned surpluses.

MR. MAR: Yeah.

DR. NICOL: Thank you very much.

MRS. O'NEILL: I'm coming back to the public accounts, volume 2, page 61, although I don't know why I'm referencing the page here. Mr. Minister, in the top line, the transfer from the government of Canada. My question: is what we used to call the protocol agreement dead? Is this the total sum money that we received from the federal government for bilingual programming?

MR. MAR: The protocol agreement that is struck between the federal government and provincial ministries of Education was renewed last year at the last Canadian Council of Ministers of Education meetings, where Ms Copps, the Deputy Prime Minister and minister of heritage, had agreed to an extension of that program. Are these the only moneys that are involved in that?

MR. BARON: No. There are additional dollars as well that we receive from the federal government for French programs. They're in the neighbourhood of \$10 million to \$20 million. I don't know the exact figure. That is not reported here. That's in a trust account and paid directly out of that trust, so it's not recorded in these public accounts of the department.

MRS. O'NEILL: Mr. Chairman, my second question then: is that an allocation to the Francophone authorities, or is it also something that is available and accessed by school boards for core French and for immersion programs?

MR. BARON: It's for both. It goes to Francophone school boards and regular school boards for second language programs.

MR. MELCHIN: On the public accounts, volume 2, page 59. I want to know if you could just expand a little bit what the Alberta Distance Learning Centre is. I've heard a number of things about sparsity and distance. The next line down, 3.1.6, talks about distance education. If you could give me a little background as to what those are, how it's calculated, and in what fashion. Do certain areas get distance or sparsity allowances?

MR. MAR: I'll ask Leroy to respond on the function of ADLC.

DR. SLOAN: The Alberta Distance Learning Centre – I guess the man-on-the-street term would be the correspondence school – is at Barrhead, and it has operated for a number of years. We're in the process of divesting that correspondence school now to Pembina Hills school district, and that will take place on June 2. So we're in the process of a divestiture, and that's about a \$5 million a year operation that provides what we have come to know as a correspondence school. We're calling it the Distance Learning Centre. It has become more than just the paper correspondence

lessons that go out and back. We're using a lot of technology out there, and there will be more changes over the years. Probably about 14,000 students out there a year, Dave?

MR. ANTONIUK: Actually 22,000 students a year.

DR. SLOAN: About 22,000 served through ADLC, Alberta distance learning. So that's one line, and that's an operation that's like a large school. Provincially we've administered it. Government's priority was that the department would not offer direct service, like the School for the Deaf or like the correspondence schools, so those have been divested or are in the process.

The second thing that deals with the sparsity and distance part of our funding formula. There are a number of formulas within our funding manual to ensure that we don't just allocate equal funding but allocate equitable funding. There's a rationale that when we have distance from a major centre and when we have a lot of moose pasture out there between schools, it costs more to administer those schools, and that should be recognized. So the sparsity and distance is one of many formulas in the funding manual that attempts to create equity instead of equal so that all students have an equitable opportunity for education. So those that are in much more sparsely populated areas and distant from major centres would have more funds given to them than those that were in a very concentrated area close to a large centre.

MR. MELCHIN: Is that distance or sparsity for busing then? Is that what it typically is? I know that in the cities, for example, kids, if they're outside a certain number of kilometres, are charged fees for busing. Is that what happens in rural areas?

9:50

MR. OLSON: No. The distance component of the sparsity and distance line is really involved not in the transportation but in the moving of materials and supplies from a major urban centre to a school board, a head office, that may be flung out a little farther away from major centres, urban centres. Those urban centres are Edmonton, Calgary, Grande Prairie, and Lethbridge. So it's measured from that, that format.

THE CHAIRMAN: Okay. We're all finished?

DR. SLOAN: If I might, the question of transportation. You may be aware that this last year the minister formed a task force to look at the formulas within rural transportation to see that an equitable system of funding rural transportation was in place. That committee concluded that they couldn't at that time, given the time constraints, come up with a better formula than we have right now. However, there was agreement from the groups that were represented on that task force that they wanted more time to continue working on it. Some increased time has been given, so that issue is still being addressed.

There are three different types of transportation funding: the urban, the suburban, and the rural. It's the rural that's still being worked on to see if we can get a more equitable series of formulas developed that would recognize the costs in a more appropriate way.

MR. STEVENS: On page 59 a reference is made at line 3.2.5 to special education. I was wondering: what exactly is meant by special education? In the event that this question has not been asked, why is there such a large percentage of surplus?

MR. MAR: The reference to 3.2.5, special education, the surplus: that question was asked by Dr. Pannu, as I recall. It has to do with the divestiture of the Alberta School for the Deaf, which took place

in the summer of 1995. Because it took place in the summer, there weren't many expenditures in order to finish up that particular year, which resulted in a surplus of \$1.1 million, as a result of the divestiture.

The role of the special education branch has not changed, although the administration for the School for the Deaf and the delivery of the services of that school have been transferred over to the Edmonton public school board. The branch will continue to work in its area of special-needs resource development and, perhaps most importantly, co-ordination of services for children, also dealing with the issues of addressing violence in schools and the approval of funding for institutional programs. Also the branch will be given responsibility for the processing, approval, and monitoring of severe disabilities funding to grade 12 and the responsibility of administering special-needs tribunals.

MR. STEVENS: Thank you.

THE CHAIRMAN: There being no further questions – whoops, I'm sorry. Dr. Pannu, a brief one?

DR. PANNU: I have a brief query, if I may.

THE CHAIRMAN: If you would, please.

DR. PANNU: Mr. Minister, I'm curious about the education revolving fund, page 134. A fairly large overexpenditure or loss is shown for 1996. I'm not sure if you answered this question before. It's right on top of page 134. In addition to that, my question is very general. Does this fund operate as a nonprofit, break-even sort of fund so that materials are produced and then are sold to schools and whatnot?

MR. MAR: That's correct.

With respect to the difference in the value of inventory over the two years, that question was asked, and the answer in short is that it is as a result of a write-down of materials in the inventory.

DR. PANNU: Thank you, Mr. Minister. Thank you, Mr. Chairman.

THE CHAIRMAN: Those being all the questions, the chair has two announcements to make, the first of which is that next week we do have Ty Lund, Minister of Environmental Protection, at the appointed hour. The second announcement is that we've had some requests for some donuts. Unfortunately, we do not have the budget for those donuts. Fortunately, the chair does make an extra stipend for running herd on this unruly crowd. This unruly crowd has not been unruly at all. The job has been rather easy, so I think the chairman can probably spring for the donuts, if I have the assistance of one of the requestees. The hon. Member for Calgary-McCall being a donut expert I think could lend a hand in choosing the donuts; don't you think?

Ladies and gentlemen, I want to thank the minister and his staff for the enlightenment, and I hope that we'll do it again sometime. Thank you kindly.

Motion for adjournment? So moved by Dr. Nicol. Is it agreed?

HON. MEMBERS: Agreed.

THE CHAIRMAN: It's carried.

[The committee adjourned at 9:58 a.m.]