

Ketchikan Gateway Borough School District

333 Schoenbar Rd. • Ketchikan, Alaska 99901

Ph. (907) 247-2109 Fax: (907) 247-3820

Elizabeth Lougee, Superintendent • Katie Jo Parrott, Business Manager

Catherine Alilin, Human Resources • Terri Crofcheck, Special Services • Alonso Escalante, Curriculum



Memo

To: Board of Education
From: Katie Jo Parrott, Business Manager
CC: Bob Hewitt, Acting Superintendent; Beth Lougee, Superintendent;
Kerry Watson, Board Clerk
Date: January 22, 2021
RE: Business Report

FY22 Initial Budget Discussion

Some important considerations need to guide our initial budget discussion for the upcoming budget cycle:

ENROLLMENT & STATE FUNDING = We are projecting that enrollment will continue to be down, which results in a decrease in foundation funding, as well as a proportional decrease in our pupil transportation formula grant. However, the extent to which this will be the case is extremely difficult to predict ahead of approving a FY22 budget.

OPERATING DEFICIT IN LEF = Local contributions are provided out of the Local Education Fund (LEF) from property taxes and marijuana tax dollars. Revenue has not kept pace with expenditures from the fund. As a result, projections show a super majority of the Borough Assembly will be needed in FY23 to fund the District at current levels.

HEALTH INSURANCE RESERVE DEFICIT = The District is currently carrying a \$1.5 deficit in the Health Insurance Reserve fund, which supports our pooled self-funded insurance program with the Borough. Increased district contributions to the program must be prioritized in the FY22 budget to ensure health of the fund.

ADDITIONAL COVID RELIEF FUNDS = The provision of additional federal COVID Relief funds is a tremendous resource to cover all COVID-related expenditures, spanning across as much as four fiscal years. This will not only alleviate the pressure on the current year's budget, but will support continued COVID-related costs in FY22, which can include strategies for addressing learning loss.

GRANTS REVENUE = District grant revenue continues to trend upward, which assists in providing supplemental programs and supports to the district for designated purposes that supplement operating fund budget programming.

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Based on these factors, district administration is recommending a conservative approach to the FY22 operating budget, as follows:

- Maintaining/holding flat current funding levels in discretionary line items
- Significantly increasing the district's contributions to the health insurance program
- Continuing to look for efficiencies and examine underutilized programming
- Utilizing relief funds to maintain COVID operations and related programming
- Leveraging state and federal grant funding to support supplemental programming