



**Memorandum of Agreement: KGBSD Board of Education, Ketchikan Charter School, and Tongass School of Arts and Sciences**

November 30, 2018  
Revised January 25, 2021

The purpose of this document is to clarify the terms of the contracts regarding budget and funding formula between the Ketchikan Charter School and the Tongass School of Arts and Sciences, (herein known as the Charter Schools) and the Ketchikan Gateway Borough School District Board of Education (herein known as the School Board). The original MOA was created June 13, 2007. The MOA was revised based on a joint work sessions held during the summer and fall of 2018, which included the above three parties as well as representatives of the KGBSD administration convened by the School Board as the ad hoc MOA Review Committee. The MOA was further revised in January 2021 in collaboration with KGBSD administration and School Board representation to update timeline dates

**1. Annual Timeline:**

January Work Session

Work session on or before the third Wednesday of January. Prior to starting the upcoming budget-year cycle, the School Board and APCs will review the charter schools' annual reports, review prior year District-wide expenses, add or delete items from the District wide expense list and discuss any other items that either party wishes to discuss.

April 15 Charter Schools will provide the School Board and the District Business Manager with projected enrollment for the upcoming school year.

May 1 Using the following information for both revenue and expenses, and the actual costs listed in the approved budget presented to the Borough Assembly, the District Business Manager will provide the Charter Schools with the projected state funding, local Borough Contribution, Charter School's carry over from the previous year, Charter School rent, and the District wide expenses for the upcoming school year.

June 1 Charter Schools will provide the School Board and the District Business Manager with an APC approved operating budget based on the May 1 numbers provided.

Seven days Following receipt of Borough approved funding: The District Business Manager will provide the charter schools with any modifications to the District wide expenses based on action taken by the Borough Assembly and the School Board.

**Commented [KP1]:** Please see DEED Funding Calendar to inform recommended changes

Thirty days Following budget modifications from the District Business Manager: If modifications were received, the Charter Schools will present the School Board and the District Business Manager with APC approved operating budgets based on the Borough's modified numbers.

Subject Sensitive: Within seven-fourteen days of State legislation or School Board approved personnel negotiations, the District Business Manager will provide the Charter schools with these revenue and/or expense changes.

Commented [KP2]: 7-14 days

Subject Sensitive Within thirty days of being provided these changes, the Charter Schools will provide the School Board and the District Business Manager with an APC approved operating budget.

November 7/15 The District Business Manager will provide the charter schools with the raw ADM for their school and the District. The District Business Manager will provide the final costs of rent derived from an average of the past three years' actual maintenance costs for the Valley Park building.

Commented [KP3]: Recommended: November 15<sup>th</sup> based on final audited #'s for maintenance expenses

Clarify the raw ADM to be submitted (that which the District submits to the State, or that which is reconciled and finalized by DEED)

December 7/15 The charter schools will provide the School Board and the District Business Manager with an APC approved operating budget.

Reconciled ADM transmitted in mid-December - this is the area we need to firm up. Previously the district has used to unreconciled student count, rather than the actual reconciled, which we know in December and reflects actual revenues. We are now in the cycle of doing our budget revision in December to allow time for the reconciliation and formalize budgetary needs after our post-renewal meetings and identifying areas of need for the rest of the year (districtwide expenses). I would just like to clarify or firm up parts of this timeline so that anyone can implement it with ease.

## 2. Definitions:

Per Capita allocation: The revenue or expense in question divided by the raw District ADM count for the year in question multiplied by the raw ADM count of the individual school.

Raw ADM: The net weighted average daily membership of students in the school or District for the 20 count days in October of the school year.

Commented [KP4]: Recommended: December 15<sup>th</sup> to provide time for APC after School Board approval of revised budget first meeting in December

Charter Schools Revenue: Equal to State funding formula (i.e. Public School Funding Overview) plus Local Borough Contribution plus any carry over from previous year's operating budget.

Charter Schools District Expenses: Equal to per capita district wide costs.

Charter Schools Operating Budget: Equal to Charter Schools revenue minus Charter Schools District expenses. The operating budget includes actual custodial and utilities fees.

Special Education/Intensive Expenses: Special Education and Intensive needs budgeted expenses Functions: 200 Special Education, 201 SPED Intensive, 202 Special Education-Classified, 204 SPED Preschool, 205 Special Education-ESY, 210 Speech Services, 211 Physical Therapy Services, 220 SPED Support Services, 230 SPED Administration, and 232 SPED Administration-Classified for special education/intensive needs services

shall be allocated on a per capita basis across the district, including the charter schools, with services provided on a Districtwide basis.

- For accounting purposes, all budget categories will be presented as line items showing costs equivalent with District schools on a per student basis.
- Borough contribution/local effort money will display on budgets as revenue.
- Up to the maximum Borough allowable carry-over will be shown on the budget in the expense category.
- Up to the maximum Borough allowable carry-over from the previous year will be shown as income.

### **3. Revenue**

State Revenue for the Charter Schools will be calculated in the same manner as provided by state statute with the following exceptions:

- No revenue adjustment in the state revenue formula will be made for Intensive Needs students.
- ~~Vocational funding is only allocated when a charter school provides this type of education. Currently, KCS provides some vocational education and is allowed an ADM adjustment of 1.005.~~
- No adjustment is made for Correspondence/Fast Track since this is not provided at the charter school level.

An adjusted ADM is calculated for each school and revenue is allocated based on Basic Need, Quality Schools, any other state funding, and Required Local Match in the same manner as the District.

Borough actual funding revenue is provided on a per capita basis to the charter schools.

Borough Contracted Services Revenue are not allocated to the charter schools since this is a noncash item (discretionary service cost allocation from the Borough to the District).

One-time, Medicaid, E-Rate and other miscellaneous grant/funding are provided to the charter schools.

#### ***3a. Funding Formula Method:***

The funds to be made available to each charter school shall be determined based on the District Charter School Formula. See example District Charter School Formula in Appendix A. Note that the formula in Appendix A is only an example. Actual costs, state allocations, Borough funding, changes in circumstances or other factors will affect the actual calculations. Charter schools will use the available funding described in this section to develop their school budgets.

#### ***3b. Carry over from previous year's operating budget***

Charter schools may carry over unexpended funds to the following fiscal year budget in the same manner as the District is allowed. The Borough currently has set the amount of the carryover not to exceed 5% of the current ~~FY~~fiscal year budget per Ketchikan Gateway Borough Code 4.65.020(d). If and when the Borough changes this policy, the change will apply to this funding formula

#### 4. Expenses

##### 4a District Wide Expenses

The following district wide expenses are allocated to the charter schools on a per capita basis, classified as Indirect or Direct Expenses, and in accordance with AS 14.03.260.:

Indirect Expenses are as follows, not to exceed 4% of Total Available Funding:

- Board of Education
- Office of the Superintendent
- Business Office (HR, payroll, purchasing, accounts payable, district recordkeeping, insurances & risk management)
- Staff Services (timekeeping, absence management, substitute tracking, recruitment)
- Indirect Cost Recovery (allocated recoupment of administrative costs from federal grants, included as a credit)

Direct Expenses are as follows:

- Curriculum Materials
- Improvement of Instruction & Curriculum Development
- Special Education
- Intensive SPED Services (included as a credit for INT Needs Funding)
- Vocational Education
- Summer School
- Medicaid Expenses
- Long Term Subs
- Testing
- Wellness Program
- Support Services (IT)
- RTI Supplies, Materials, & Media
- Kanayama
- Library Services (First City Consortium)

All items in a category will be billed as a District Wide Expense, not directly to the school, and will be accounted for primarily in Organization/Location Code 193. Example: Powerschool, substitute software. Below is the individual account coding for each district-wide expense, in accordance with the Alaska Chart of Accounts.

**Commented [KP5]:** Coding changes required to convert to full implementation of Alaska Chart of Accounts & definition of Indirect & Direct expenses per DEED's request

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~~Intensive needs funding for intensive needs services shall be allocated on a per capita basis to the charter schools, with services provided on a district wide basis. The prorated allocation of intensive needs funding will be listed in the district wide expense list as both a revenue and an expense for that line item.~~

Function 100-101 - Regular Instruction – Curriculum Materials- The charter schools will pay a per student cost for curriculum materials for grades not served.

Function 140-120-122 -- Bilingual/Bicultural Instruction (ESL) – District expenses charged on a per capita basis with school para billed directly.

Function 160-162 - Vocational Education Instruction (KCS 7, 8 only)

Function 100-Object 410-450 - RTI ~~Technology~~ Supplies, Materials, Media

Function 105- Summer School

Org 193-Function 100-Object 319- Long-term Sub

Function 200- Special Education Instruction, 201- SPED Intensive, 202- Special Education-Classified, 204- SPED Preschool, 205- Special Education-ESY, 210- Speech Services, 211- Physical Therapy Service, 220- SPED Support Services, 230- SPED Administration—Special Education/Intensive expenses (i.e. administration, psychologist, OT, PT, SLP, teaching staff, paraprofessional staff, benefits including worker's comp., and supplies/materials)

~~201—Special Education Intensive Services Revenue allocated per capita [See 4(b)] – no coding~~  
~~Intensive needs funding for intensive needs services shall be allocated on a per capita basis to the charter schools, with services provided on a district wide basis. The prorated allocation of intensive needs funding will be listed in the district wide expense list as both a revenue and an expense for that line item.~~

Org 196, Object: 94490- Medicaid Expenses

Function 302- Wellness Program

Function 340- Mandated State testing (i.e. PEAKS): This will include all district-wide supplies, and materials.

Function 350, 352-360 -Computer Services IT: Full service of district computer services. Network, computers, district wide software, maintenance, upgrades & support service.

Function 354705 - Kanayama (District Portion Only)

Function 360352-353 - Library Services: This includes network, network access and all program costs.

**Commented [KP6]:** Needs to be Renamed: RTI Supplies, Materials, Media: (AIMSweb, RTI Supplies, ASSTD math, Lexia Reading, Read Naturally)

| Function 370- Staff Development: Bill directly for services used

| Function 351, 381, 382- Improvement of Instruction & Curriculum Development: Director of Curriculum and staff development (Does not include supplies and materials)

| Function 510 – District Administration

• Function 5102- Office of the Superintendent

• Function 511, 512- Board of Education

| Function 550-555 Business Office: This includes all business office expenses, secretarial duties.

| Function 553- Staff Services: Personnel

| Function 557- Indirect Cost Recovery (will be displayed as a credit)

**4b. Intensive Program (201)**

Intensive needs funding and budgeted expenses for intensive needs services shall be allocated on a per capita basis to the charter schools, with services provided on a district wide basis as accounted for Organization/Location Code 112.

**4c. Rent**

The rental rate for the Charter schools shall be the actual per capita rate of the operational costs of the district, in accordance with AS 14.03.255(d). These costs will be allocated between the two schools based on the proportion of the building area used by each school. The Charter schools will pay the district-wide actual operations and maintenance costs other than utility and custodial costs represented by the portion of the district-wide building square footage represented by the Valley Park Campus (district maintenance costs). The district maintenance costs shall be calculated based upon the average actual maintenance and operations expenditures, excluding utilities, for the prior three years.

In addition, the Charter schools will directly pay utility costs of sewer, water, electricity, and heating oil out of their operational budget. The facility costs for each of sewer, water, garbage and electricity will be divided by 2 between the Charter schools. Heating oil will be allocated based on a square footage that each school occupies. Each Charter school will also directly pay custodial costs for their school out of their operational budget.”

For purposes of calculating and allocating rent costs for preparation of proposed charter school budgets by May 1, the actual per capita rate of the operational costs of the district for use in the calculation of the 3-year average for the rental calculation will be based upon the average of the actual costs for the two most recent completed fiscal years and

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Commented [KP7]: Currently Frontline expenses charged directly to schools/departments – move in to 193

the estimated costs for the current uncompleted fiscal year. The estimated costs for the current uncompleted fiscal year will be based upon the budget for the current uncompleted fiscal year. The actual per capita rate for each fiscal year will be provided to the charter schools in November after the fiscal year has been completed and the books closed for the previous fiscal year.

**5. Enrollment**

Currently section 9. Student count of the contract reads, "Student enrollment, as of April 15, will determine staffing and budgets for the charter school for the following year".

**6. Appendices**

Formulas referenced in this MOA will be included as appendices, as follows, for example only. Figures will change from year to year, and be updated according to any revisions to the Alaska Chart of Accounts, district policy updates, or any other regulatory change.

- **Appendix A: Charter School Funding Formula Example**
- **Appendix B: Charter School Rent Formula**

**7. Attestations**

Should any provision of this MOA be found to conflict with applicable law or accounting rules, all parties agree to negotiate revisions to bring this MOA into compliance.

By signing this agreement, all parties attest to compliance with any applicable grant terms and federal and state limitations on the use of funds for specific purposes, and agree to maintain financial records and make such reports as are required to verify compliance.

\_\_\_\_\_  
Ketchikan Charter School APC President

\_\_\_\_\_  
Date

\_\_\_\_\_  
Tongass School of Arts and Science APC President

\_\_\_\_\_  
Date

\_\_\_\_\_  
Ketchikan Gateway Borough School District President

\_\_\_\_\_  
Date

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**APPENDIX A: Charter School Funding Formula Example**

KGBSD CHARTER SCHOOLS FORMULA		2020-2021		
FY21 FINAL REVISED		<i>District</i>	<i>Tongass</i>	<i>Ketchikan</i>
2021 MOA Implementation		<i>Wide</i>	<i>SAS</i>	<i>Charter</i>
<i>Average Daily Membership (ADM)</i>				
		1,905.82	138.50	154.09
<i>School Size Adj'ed ADM</i>				
		2,670.01	203.50	222.52
District Cost Factor	1.170	3,123.91	238,089	260.35
Sped/Voc Ed/ESL	1.200	3,748.69	285,707	312.41
Vocation Funding	1.015	3,804.92	289.99	317.10
Intensive Adjustment (96 FTE)	13	1,248.00	-	-
Correspondence/Fast Track	0.90	168.82	-	-
Adjusted ADM		5,070.60	289,993	317,100
<i>BSA - Basic Need</i>				
\$	5,930.00	30,230,666	1,719,656	1,880,405
<i>Quality Schools</i>				
\$	16	83,762	4,640	5,074
<i>Less Required Local Match</i>				
		(4,915,414)	-357,214	-397,423
<b>State Foundation Funding</b>		<b>\$ 25,399,014</b>	<b>1,367,082</b>	<b>1,488,056</b>
<i>Actual Borough Contribution</i>				
		\$ 10,661,428	\$ 774,789	\$ 862,001
<i>Borough Contracted Services</i>				
		\$ 243,019	\$ -	\$ -
<i>One-Time*</i>				
		\$ 9,675	\$ 703	\$ 782
<i>Medicaid</i>				
		\$ 100,000	\$ 7,267	\$ 8,085
<i>E-Rate Funding</i>				
		\$ 115,000	\$ 8,357	\$ 9,298
<b>Total Available Funding</b>		<b>\$ 2,158,199</b>	<b>\$ 2,368,223</b>	
<b>Other Expenses</b>				
<i>Building Rent and Maintenance of Building</i>			\$ (160,500)	\$ (134,183)
<b>Allocation of District Wide Expenses</b>				
<b>Account</b>				
<b>Direct Expenses</b>				
Curriculum Materials	101.450-457	353,204	(11,847)	(8,787)
ESL -School Direct			-	-
Vocational Education	160		-	-
Special Education Services	200 - 232	7,406,406	(538,239)	(598,825)
Sped Intensive Funding		(8,325,720)	605,048	673,154
Summer School	190-105	55,000	(3,997)	(4,447)
State of Alaska (Medicaid)		60,000	(4,360)	(4,851)
Long Term Sub	193-100-319	100,000	(7,267)	(8,085)
Testing	340	23,700	(1,722)	(1,916)
Wellness Program	190-302	19,188	(1,394)	(1,551)
Support Services (IT)	350 & 360	1,447,565	(105,198)	(117,039)
RTI	190.100.450	28,000	(2,035)	(2,264)
Kanayama	351	15,000	(1,090)	(1,213)
Library	352	15,000	(1,090)	(1,213)
Curriculum Development	381-382	184,899	(13,437)	(14,950)
<b>Indirect Expenses</b>				
Board of Education	511-512	155,200	(11,279)	(12,548)
Office of Superintendent	510	264,171	(19,198)	(21,359)
Business Office	550	777,929	(56,534)	(62,897)
Staff Services	553	43,064	(3,130)	(3,482)
Indirect Cost Recovery	557.495	(55,000)	3,997	4,447
<b>Total Other &amp; District Wide Expenses</b>		<b>2,567,606</b>	<b>(333,272)</b>	<b>(322,009)</b>
<b>FY21 Charter School Funding</b>			<b>\$ 1,824,926</b>	<b>\$ 2,046,213</b>
<b>FY20 Carryover (Up to 10% of Approved Budget*)</b>			<b>\$ 213,562</b>	<b>\$ 229,866</b>
<b>Total FY21 Charter School Budget</b>			<b>\$ 2,038,488</b>	<b>\$ 2,276,079</b>
NOTES			FY21 Original Appropriation	\$ 2,049,924
<i>*Additional flexibility is provided with regard to carryover for FY21 due to COVID-19</i>				\$ 2,385,602

**APPENDIX B: Charter School Rent Formula Example**

School Facility Number	Facility	Facility Type	Gross Square Footage
25000001	Maintenance Building	district	11,140
25001001	Houghtaling Elementary School	main school facility	62,500
25001002	Houghtaling Elementary Play Shelter	school support facility	5,616
25002001	Ketchikan High School	main school facility	180,614
25004001	Schoenbar Middle School	main school facility	66,048
25005003	Fawn Mountain Elementary	main school facility	42,164
25005004	Fawn Mountain Play Shelter	school support facility	4,176
25005005	Fawn Mountain Restroom/Changing	other	1,720
25006001	Valley Park Elementary School	main school facility	40,686
25006003	Valley Park Computer Classroom	school support facility	576
25010001	Point Higgins School	main school facility	55,040
25010002	Point Higgins Play Structure	school support facility	6,888
25701001	Revilla High School	main school facility	10,000
25801001	Ketchikan Correspondence	other	1,008
			<b>488,176</b>
<b>Charter School MOA Committee Rent Calculation</b>			
<b>KGBSD Maintenance Actual Measurements for Valley Park Facility as of 2-7-19</b>			
TSAS	Gross Square Footage		18,796
KCS	Gross Square Footage		15,714
			<b>34,510</b>
<b>Valley Park Facility Rent Calculation</b>			
FY17, FY18, FY19*	<b>3-yr Avg. District Wide Maintenance</b>	<b>\$ 2,224,838</b>	FUNCTIONS 600-601, ORG 190-193
	Raw Projected ADM		2204
	TSAS FY20 Projected Enrollment		165
	KCS FY19 Projected Enrollment		185
			350
	Valley Park Facility Share of Maintenance (350/2204)=15.88%		15.88%
	<b>Valley Park Facility Rent</b> <b>=(.1588*2,224,838)</b>	<b>\$</b>	<b>353,309</b>
	Rent per sqft =(353,309/34,510)	<b>\$</b>	<b>10.24</b>
TSAS FY19 Current MOA Rent	\$	190,212	
<b>TSAS FY20 Projected Rent</b>	<b>\$</b>	<b>192,431</b>	
Difference		\$	2,219.09
KCS FY19 Current MOA Rent	\$	159,023	
<b>KCS FY20 Projected Rent</b>	<b>\$</b>	<b>160,878</b>	
Difference			1,854.96
	<b>Total Difference</b>		<b>4,074.05</b>