

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT
BOARD OF EDUCATION
AGENDA STATEMENT

No. 12 b.

MEETING OF May 26, 2021

Reviewed By

NEW BUSINESS

Motion to approve a revision to the approved Fiscal Year 2022
Operating Fund Budget

Superintendent
 Finance

SUBMITTED BY Katie Jo Parrott, Business Manager

Contact Person/Telephone

APPROVED FOR SUBMITTAL

Katie Parrott 907-247-2116
Name Phone

SUMMARY STATEMENT: The Board is being asked to approve a revision to the approved FY22 operating fund budget to account for the reduction in the local discretionary contribution provided by the Ketchikan Gateway Borough.

ISSUE:

Adoption of a budget recommendation reflecting revenue and expenditure changes is required per Board Policy 3000(a). Per BP 3100: "The district budget shall be prepared annually from the best possible estimates of revenues and expenditures. The Superintendent or designee shall determine the manner in which the budget shall be prepared and shall schedule the budget adoption process in accordance with legal time requirements." Changes in revenue required changes in budgeted expenditures to create a balanced budget.

BACKGROUND:

On April 28, the Board of Education approved the FY22 Operating Fund budget with a request to the Ketchikan Gateway Borough of local contributions in the amount of \$10,661,428. This amount reflected a reduced request by the District of \$253,490 from the local discretionary contribution to compensate for an increase in required local contribution. At the regular Borough Assembly meeting of May 3, 2021 the Borough Assembly voted to further reduce the local discretionary contribution by an additional \$153,490. On May 17, 2021 the Borough Assembly approved Ordinance 1946A Approving \$48,351,379 for the Total Spending Authority for the Fiscal Year 2022 School Budget of the Ketchikan Gateway Borough School District; Determining that \$10,781,028 Shall be Made Available from Local Sources; and Making Appropriations from the Local Education Fund. As a result, the School Board must approve a balanced budget that accounts for the reduction of \$153,490 in local funding.

RECOMMENDATION:

Approval of the revision to the Fiscal Year 2022 Operating Fund Budget.

FISCAL NOTE:

<input checked="" type="checkbox"/> N/A	EXPENDITURE REQUIRED: <u>N/A</u>	AMOUNT AVAILABLE: N/A
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EXHIBITS ATTACHED:

- FY22 Budget Revision Memo
- FY22 Operating Fund Revenue Analysis Options #1 & #2

RECOMMENDED ACTION:

OPTION #1: "I move that the Board of Education approve the FY22 operating fund budget revision in the amount of \$41,401,577."

OPTION #2: "I move that the Board of Education approve the FY22 operating fund budget revision in the amount of \$41,555,067."

Ketchikan Gateway Borough School District

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Elizabeth Lougee, Superintendent • Katie Jo Parrott, Business Manager

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



Memo

To: Board of Education Members
From: Katie Jo Parrott, Business Manager
CC: Kerry Watson, Board Clerk
Date: May 21, 2021
RE: **FY22 Operating Fund Budget Revision Options**

As a result of the reduction in local discretionary contribution provided by the Borough, the District must either reduce the FY22 Operating Fund Budget by \$153,490 or increase reliance on unassigned fund balance to achieve a balanced budget.

At the point in the year that the District's budget must be developed and approved for submission to the Borough Assembly, many unknowns exist in staffing levels and actual costs. As the District works to complete staffing plans and fill open positions in April, May, and June, actual costs begin to be known. An analysis of budgeted costs versus actual costs based on approved certificated staff hires shows that the District is currently running \$57,581 under budgeted amounts. Therefore, the budgeted line items that correspond to certificated staff hires can be adjusted down by this amount. That leaves \$95,909 that must be removed from planned expenditures in the operating fund budget. Alternatively, an increase in expected/planned revenues (namely unassigned fund balance) could be implemented to balance the budget.

Options for Further Budget Cuts

In order to cut \$95,909 from the operating fund budget, it will be necessary to look at personnel costs since the current approved operating fund reflects the lowest level of planned expenditures for supplies and services.

Added Positions

At the April 22nd budget work session, the Board directed district administration to add a World Language teacher for Ketchikan High School at an approximate total cost of \$117,848. Additionally, two additional staff positions were included in the FY22 operating fund that could be reconsidered: RYC support paraprofessional at an approximate total cost of \$39,264, and Tribal Scholars teacher at an approximate total cost of \$92,000.

Existing Positions

It is possible that there will be classified staff positions that could be cut from the budget by attrition prior to the beginning of FY22. However, this is not possible to perfectly forecast in the current budget as these amounts are not based on a contract for the work year, and tend to vary widely. Therefore, it would be recommended that should the Board not want to make reductions to the added staff positions above, all existing positions be retained and the Board should direct District administration to implement a balanced budget by increasing the planned use of unassigned fund balance in the FY22 budget in the amount of \$95,909. This would put the District's projected fund balance at the end of FY22 to \$938,011, an amount that could limit the District's ability to rely on fund balance/carryover funds to balance future years' budgets.

OPTION #1: REDUCE REVENUE & BUDGET

OPERATING REVENUE COMPARISON		2074.64 ADM	2169 ADM	94.36
Type		FY21 Budgeted	FY22 Projected*	Difference
STATE REVENUE*		26,212,669	25,934,683	(277,986)
	<i>TRS On-Behalf</i>	2,751,922	3,238,075	486,153
	<i>PERS On-Behalf</i>	543,072	618,915	75,843
	One-time supplemental aid + PFD Raffle	9,675	9,834	159
	TOTAL	29,517,338	29,801,507	284,169
Borough Revenue				
	Local Required Contribution	4,915,414	5,168,904	-
	Discretionary Contribution	5,746,014	5,339,034	(406,980)
	In-kind Contribution	243,019	273,090	30,071
	TOTAL	10,904,447	10,781,028	(376,909)
Federal Revenue				
	Medicaid	100,000	100,000	-
	TOTAL	100,000	100,000	-
Other Revenues				
	Court checks, BMO rebate	30,000	40,000	10,000
	E-rate Program	115,000	150,000	35,000
	TOTAL	145,000	190,000	45,000
CARRYOVER FUNDS - FUND BALANCE				
		-	313,445	313,445
	CHARTER SCHOOLS	443,428	215,597	(227,831)
	TOTAL	443,428	529,042	85,614
	Grand Total	41,110,213	41,401,577	291,364
*Change accounts for certified INT increase after projected count submitted.				

OPTION #2: INCREASE FUND BALANCE USE

OPERATING REVENUE COMPARISON		2074.64 ADM	2169 ADM	94.36
Type		FY21 Budgeted	FY22 Projected*	Difference
STATE REVENUE*		26,212,669	25,934,683	(277,986)
	<i>TRS On-Behalf</i>	2,751,922	3,238,075	486,153
	<i>PERS On-Behalf</i>	543,072	618,915	75,843
	One-time supplemental aid + PFD Raffle	9,675	9,834	159
	TOTAL	29,517,338	29,801,507	284,169
Borough Revenue				
	Local Required Contribution	4,915,414	5,168,904	-
	Discretionary Contribution	5,746,014	5,339,034	(406,980)
	In-kind Contribution	243,019	273,090	30,071
	TOTAL	10,904,447	10,781,028	(376,909)
Federal Revenue				
	Medicaid	100,000	100,000	-
	TOTAL	100,000	100,000	-
Other Revenues				
	Court checks, BMO rebate	30,000	40,000	10,000
	E-rate Program	115,000	150,000	35,000
	TOTAL	145,000	190,000	45,000
CARRYOVER FUNDS - FUND BALANCE				
		-	466,935	466,935
	CHARTER SCHOOLS	443,428	215,597	(227,831)
	TOTAL	443,428	682,532	239,104
	Grand Total	41,110,213	41,555,067	444,854
*Change accounts for certified INT increase after projected count submitted.				