

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: Bob Hewitt, Acting Superintendent
From: Katie Jo Parrott, Business Manager
CC: Beth Lougee, Superintendent; Kerry Watson, Board Clerk
Date: January 8, 2021
RE: Business Report

FY20 Per-Pupil Expenditure Reporting

The district recently submitted the second per-pupil expenditure report to the state in accordance with the financial transparency requirement under ESSA. The total average per-pupil expenditure of local/state funds remained virtually the same, down slightly from last year's average local expenditures by \$11 per pupil. The total average per-pupil expenditure of federal funds decreased from \$1,929 per pupil in FY19 to \$1,462 per pupil in FY20, a change of \$467 per pupil. This reflects the drastic change in operations after Spring Break, and the majority of unspent federal funds was able to be carried forward into the current year. There were also fluctuations in the average PPE rate for each school program, as found on page 2 of the report.

Because this is only the second year of reporting, it is not possible to conduct a trend analysis, particularly as the district refines our system for reporting these figures. However, these numbers do seem to reflect an equitable distribution of both state/local and federal funds by the district, as well as a fairly low ratio of district administration expenditures. In the coming weeks district leadership will be closely analyzing this information in order to make any changes in resource allocation ahead of the FY21 budget. (See attached PPE reports and FY22 Budget Timeline.)

Q2 Revenue & Expenditure Report

Quarter 2 of the current fiscal year ended on December 31, 2020. Please see the attached report showing Operating Fund revenues and expenditures as of that date.

FY22 Governor's Budget and Funding Projections

The Governor's FY22 proposed budget was released on December 15, 2020, and includes full funding of education based on projected enrollments submitted to DEED by the Alaska districts in 2020. However, it should be noted that actual enrollments for the 2021-2022 school year may vary substantially from projections owing to the ongoing unknown impacts of the pandemic and changes in enrollment and operations that are unique to each district. We will be watching the budgetary process closely as the State Legislature works through the process of reviewing the Governor's proposed budget and making decisions on how to close the \$2 billion deficit. We are thankful that full funding for K-12 education has been proposed!

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Additional Coronavirus Relief Funds for K-12 Education

Additional federal funding to K-12 education was recently passed by Congress and signed into law by the President. The Coronavirus compromise relief bill was released in conjunction with the FY 2021 consolidated appropriations (H.R. 133) and passed quickly by the House and Senate. This includes \$82 billion in education funding, with \$54 billion set aside for K-12 schools. These funds will be allocated to Alaska districts through the state in the same manner as previous CARES Act funds were released and allocated, utilizing the Title I formula from the most recent fiscal year, with not less than 90% of the state allocation must be sub-granted to schools. The total amount of aid is significantly more than the first round of K-12 relief funding, so it can be assumed that the district will receive in excess of the approximately \$600k it received in the first round of funding. This will assist in covering COVID-related expenditures and encumbrances that are currently in the Operating Fund, totaling slightly over \$750k. We are awaiting more information from DEED on the exact allocations, but this is welcomed news as we continue through the second half of our year in COVID operations.

FY22 Budget Cycle Commencement & Fiscal Assumptions

We heading into another season of budget planning for the 2021-2022 school and fiscal year. Please see the attached timeline for all relevant budget milestones over the next few months.

Because of a projected decrease in enrollment for FY22, we are projecting an approximate \$800k decrease in state foundation funding. While Hold Harmless funding could come still in to play to close that gap, the decrease in enrollment must continue to be 5% or greater difference from the base year (FY20). (Our projections show the difference as only 2.5%.) We are also assuming flat local funding (Borough discretionary contribution).

However, it's important to remember that there are many variables, and we are uncertain of all the factors that could change in the next 6-8 months, so this is highly subject to change. We should also remember that in the most recent budget revision, the School Board authorized a reduction of the use of fund balance in the current year's budget. Thus, we have taken some action to prepare for the uncertainty of the upcoming budget year.