

KETCHIKAN GATEWAY BOROUGH SCHOOL DISTRICT
AGENDA STATEMENT

No. 11 a.

MEETING OF August 9, 2023

Item Title:

NEW BUSINESS:

Motion to approve a request of the Borough Assembly to increase the FY 2023-2024 Local Appropriation amount by \$1,680,435.

REVIEWED BY:

Superintendent
 Finance

SUBMITTED BY: Daniel Schuler, Business Manager (907) 247-2116

CONTACT: Daniel Schuler, Business Manager (907) 247-2116

SUMMARY STATEMENT:

The School Board is being asked to approve sending a request to the Borough Assembly to increase the Local Appropriation for Fiscal Year 2023-2024 by \$1,680,435.

ISSUE: Board Policy governs the process for the creation and approval of an annual budget. BP/AR 3100 outlines that process and also calls for Alaska Statute 14.14.060 Relationship between borough school district and borough to be the basis for that process.

BACKGROUND: Annually KGBSD creates a spending plan (budget) that follows BP/AR 3100. Once approved by the Board after consideration, review and a public hearing, the spending plan is then reviewed and approved by the Borough with respect to the appropriate levels of local appropriations and an overarching spending authority.

ATTACHMENTS: Memorandum regarding the timeline of the actions of the KGBSD, Borough Assembly, the Alaska State Legislature, and the Governor of the State of Alaska and how each of those actions impacted the both the local appropriation and spending authority for KGBSD.

RECOMMENDATION: To approve submitting a request to the Borough Assembly to increase the local appropriation to the Local Education Fund in order to allow KGBSD to access the overarching Spending Authority approved by the Borough Assembly.

RECOMMENDED ACTION:

"I move that the Board of Education approve submitting a request to increase the appropriation to the Local Education Fund by \$1,680,435 in order to match the overarching Spending Authority approved by the Borough Assembly."

**Ketchikan Gateway Borough
School District**

Me1110

To: Michael Robbins

From: Daniel B. Sfuler  07/07/2023

Date: July 7, 2023

Re: Increased Borough Appropriation Request - Fiscal Year 2023-2024

Below is a chart depicting the paces of the budget approval process through both the KGBSD Board of Education and the Borough Assembly. As it currently stands, the last Borough Assembly action, based upon the presumption of the Governor approving Senate Bill 39 without change, has left KGBSD without the local discretionary appropriation to reach the Assembly approved spending authority for Fiscal Year 2023-2024.

I recommend at this time KGBSD should request from the Borough Assembly an increase in the discretionary appropriation for Fiscal Year 2023-2024 in order to be able to access the current full approved Borough Assembly spending authority for Fiscal Year 2023-2024.

	KGBSD Approved Budget	Borough Ordinance 2017 Amended	Legislative Passage SB39	Borough Ordinance 2017 Substitute	Governor's Veto Action on SB39
Borough Appropriations	\$12,105,189	\$11,990,256	\$11,990,256	\$9,206,858	\$9,206,858
Required	\$ 5,584,814	\$5,584,814	\$ 5,584,814	\$ 5,584,814	\$ 5,584,814
Discretionary	\$ 6,520,375	\$6,405,442	\$ 6,520,375	\$3,622,044	\$ 3,622,044
State Foundation (Includes Quality Schools)	\$24,777,687	\$24,777,687	\$27,676,018	\$27,676,018	\$25,976,996
Total State Foundation & Borough Revenue	\$36,882,876	\$36,767,943	\$39,666,274	\$36,882,876	\$35,183,854
Borough Spending Authority	\$46,241,389	\$45,626,743	\$45,626,743	\$46,241,389	\$46,241,389
Request to Spending Authority	<i>(excludes original budget positive operations estimate of \$18,587)</i>				\$ 1,680,435
Future Request to Access Full State Foundation Funding					\$ 1,217,896



Ketchikan Gateway Borough School District

**FY2023-2024 BUDGET
CURRENT STATUS**

Ketchikan Gateway Borough School District

◎ Board of Education Action Recap:

- Approval – April 26, 2023
- Expenditures:
 - Operating \$40,113,289
 - Special Revenue \$ 6,128,100
- Revenues (Based on \$100 BSA Increase):
 - Operating \$40,131,876
 - Special Revenue \$ 5,417,000
- (Other Source: Special Revenue Fund Balance \$711,100)

Ketchikan Gateway Borough School District

- ◎ Board of Education Action Recap:

- Approval – April 26, 2023

- ◎ Revenues:

- Operating Breakdown:

• Borough Direct Appropriations	\$12,105,189
• Borough In-Kind	\$ 273,000
• State Foundation (Includes Quality Schools)	\$24,777,687
• TRS/PERS On-Behalf	\$ 2,396,000
• Other (E*Rate/Medicaid/Other Local/State)	\$ 580,000

Ketchikan Gateway Borough School District

◎ Assembly Action Recap:

- May 1, 2023 Regular Meeting – Postponed any action on Ordinance 2017 Approving \$46,241,389 Total Spending Authority and **\$12,378,189 in Appropriations from the Local Education Fund.**
- May 15, 2023 Regular Meeting – Amended Ordinance 2017 to \$45,626,743 Total Spending Authority and **\$12,263,256 in Appropriations from the Local Education Fund**, effectively disallowing the School District's assumption of a \$100 BSA increase.

Ketchikan Gateway Borough School District

◎ Assembly Action Recap:

- May 22, 2023 Special Meeting – Amended Ordinance 2017 with Ordinance 2017 - Substitute Approving \$46,241,389 Total Spending Authority and **\$9,479,858 in Appropriations from the Local Education Fund.**
- The Substitute Ordinance effectively agreed with the School District's \$100 BSA increase **but withheld \$2,898,331 in Appropriations from the Local Education Fund because** the Substitute Ordinance was based upon the assumption of the Governor signing off on SB39 without any veto action and State Foundation funds would cover the differential.

Ketchikan Gateway Borough School District

◎ Assembly Action Recap:

- The Ordinance 2017 - Substitute Approving \$46,241,389 Total Spending Authority and \$9,479,858 in Appropriations from the Local Education Fund assumed School District Operations funding as follows based upon the one-time \$680 funding increase included in Senate Bill 39.

◎ Revenues:

• Operating Breakdown:

- | | |
|---|--------------|
| • Borough Direct Appropriations | \$ 9,206,858 |
| • Borough In-Kind | \$ 273,000 |
| • State Foundation (Includes Quality Schools) | \$27,676,018 |
| • TRS/PERS On-Behalf | \$ 2,396,000 |
| • Other (E*Rate/Medicaid/Other Local/State) | \$ 580,000 |

Ketchikan Gateway Borough School District

⦿ Governor Action Recap:

- The Governor exercised his line-item veto authority and reduced the one-time funding in Senate Bill 39 by 50%. **This resulted in the following revised School District Operations Revenue Stream:**

⦿ Revenues:

• Operating Breakdown:

• Borough Direct Appropriations	\$ 9,206,858
• Borough In-Kind	\$ 273,000
• State Foundation (Includes Quality Schools)	\$25,976,996
• TRS/PERS On-Behalf	\$ 2,396,000
• Other (E*Rate/Medicaid/Other Local/State)	\$ 580,000

Ketchikan Gateway Borough School District

⦿ Governor Action Recap:

- Base upon the Governor's action, the current status of Operations funding:

⦿ Revenues:

- Total Operations Funding \$38,432,854
- Total Borough Operations Spending Authority \$40,113,289
- Total Shortfall \$(1,680,435)

Ketchikan Gateway Borough School District

- ⦿ In its approved budget, the School Board sought funding from the Borough to the cap of \$12,105,189 (does not include in-kind for property insurance)
 - If the School Board maintains its assumptions from its original budget, the School Board would seek to increase the Borough Spending Authority and Appropriation from the Local Education Fund as follows:
- ⦿ Revenues:
 - Total Borough Operations Spending Authority \$41,331,185
 - **Total Ordinance 2017 Substitute Shortfall** **\$(1,680,435)**
 - **Total Shortfall from full impact of SB39** **\$(2,898,331)**
 - Less Ordinance 2017 Substitute Shortfall \$(1,217,896)

Ketchikan Gateway Borough School District

◎ School Board Considerations:

- The revenue stream to reach the approved Borough authorized Spending Authority should be restored. The District Administration had assumed that step might have been taken by the Borough without School Board requesting it, but it does appear it will take a request in order to restore that funding.
- The additional funding over and above Ordinance 2017 – Substitute should also be sought, at the very least, in terms of an increase of the Spending Authority to reach the full impact of the funding from Senate Bill 39 and the requested Borough funding to the local appropriations cap. The logical time to seek those funds would be after the October 2023 enrollment submission to DEED so that a firm enrollment number is known.

Ketchikan Gateway Borough School District

