

KENAI PENINSULA BOROUGH SCHOOL DISTRICT

148 North Binkley Street Soldotna, Alaska 99669-7553
Phone (907) 714-8888 Fax (907) 262-9132
www.kpbsd.k12.ak.us

SCHOOL BOARD COMMUNICATION

Title:	FY14 Preliminary Budget		
Date:	February 5, 2013	Item Number:	Worksession
Administrator:	Dave Jones, Assistant Superintendent 		
Attachments:	FY14 Preliminary Budget Document		

Action Needed For Discussion Information Other: _____

BACKGROUND INFORMATION

The FY14 Preliminary Budget Document is presented for review by all interested parties during various upcoming budget conversations. The Board is required to approve a balanced budget (where the General Fund revenue budget equals the General Fund expenditure budget) with board action scheduled for the April 1, 2013 meeting. The following information is provided to help facilitate understanding of the FY14 General Fund Preliminary Budget.

Enrollment Projection

The process used to project the FY14 enrollment is based on a straight-line method for most schools as of October 26, 2012. The steps involved in arriving at the projection of 8,873 students included:

- Students at school sites were moved ahead one grade level, with some variance based on school administrator input.
- Charter school enrollment projections are in concert with the contractual agreement between each charter school and the district.
- Staffing for Homer Flex, Kenai Alternative and Marathon School locations according to amounts stated in Board AR 6183c.
- Kindergarten enrollment based on the average actual enrollment for FY11, FY12 and FY13, with some modifications based on additional information from school administrators.
- Sites affected by feeder schools were adjusted according to anticipated student movement.

The District was required to submit the FY14 enrollment projection to the State of Alaska Department of Education and Early Development by November 5, 2012.

Revenue Budget

The Preliminary General Fund revenue budget totals \$145,083,300, with budgeted revenue from all sources of \$143,373,300 and use of Fund Balance reserved for Self Insurance in the amount of \$1,710,000.

The state revenue projection of \$98,197,300 includes \$75,076,483 for the Foundation Funding Program, \$275,401 in the Quality Schools grant and \$22,845,416 in payments made directly to the retirement system on behalf of the district. These On-behalf payments are also reflected in the expenditure budget. The Foundation estimate was made assuming no increase in the Base Student Allocation (BSA) in the State of Alaska Foundation Funding Formula. One time funding of \$1,741,904 included in the Governor's Preliminary Budget has not been included in this estimate of state revenue. Discussions should include the possibility that the legislature will agree to fund the one-time monies.

At the local level, borough support has been projected at \$43,000,000, the same level as FY13. With no increase for FY14, this projection is about \$2.1 million under the maximum allowed for local contribution.

Expenditure Budget

The Preliminary General Fund expenditure budget of \$148,075,075 is based on the enrollment projection and other considerations noted below.

- Staffing has been adjusted to support the FY14 student enrollment projection of 8,873 using existing staffing formulas.
- Since negotiations with employee groups are still in progress, expenditure projections for salaries include step increases as well as 1% increases for both FY13 and FY14, which reflects the district’s offer in negotiations with bargaining groups. Once negotiations are complete, salaries and benefits will be revised to reflect the new negotiated agreements.
- Employer-paid share of health care was estimated at \$1,350 per employee per month or \$16,200 per year
- Employer-paid retirement benefits were calculated on projected salaries, including 22% of gross wages for PERS-eligible positions and 12.56% of gross wages for TRS-eligible positions.
- Schools were staffed based on the staffing formulas that fit their size and configurations as follows:

CERTIFIED FORMULAS:

ELEMENTARY SCHOOLS GRADES K-6 > 200

Elementary Classroom	Kindergarten	1:20 pupil/teacher ratio (PTR)
	Grades 1-3	1:22 pupil/teacher ratio
	Grades 4-6	1:24 pupil/teacher ratio
Elementary Specialists	1.5 FTE if enrollment < 270 2.0 FTE if enrollment 270-345 2.5 FTE if enrollment > =346	
Elementary Intervention	.50 FTE if enrollment 200-350 1.0 FTE if enrollment > 350	

HIGH SCHOOL/MIDDLE SCHOOL

Secondary Classroom	1:24 pupil/teacher ratio
Secondary Program Staffing	15% of classroom allocation
Secondary Counseling	1:250 pupil/teacher ratio Grades 9-12 1:350 pupil/teacher ratio Grades 7-8
Secondary Library	.50 FTE if enrollment > = 200 1.0 FTE if enrollment > = 600
Secondary AD	.50 FTE if enrollment > 250 (High Schools only)
Secondary Read 180	.50 FTE if Grades 7-8 enrollment 80-150 1.0 FTE if Grades 7-8 enrollment > 150
Secondary Intervention	.50 FTE per middle school

SMALL SCHOOLS < 200

Small Schools Elementary Classroom	1:17 pupil/teacher ratio Grades K-6 (1.0 FTE minimum)
Small Schools Elementary Specialists	1.0 FTE if Grades K-6 enrollment > 100
Small Schools Secondary Program Staffing	1.0 FTE if Grades 7-12 enrollment 8-20 2.0 FTE if Grades 7-12 enrollment 21-40 1:19 pupil/teacher ratio if Grades 7-12 enrollment > 40
Small Schools Intervention	.50 FTE if enrollment 75-200 (K-6 and K-8 schools only)

SUPPORT FORMULAS:

ELEMENTARY SCHOOLS GRADES K-8

Elementary Custodian	Average of 1.0 FTE/20,000 Square Feet and 1:100 pupil/custodian ratio
Elementary Secretary	1.0 FTE if enrollment < = 275 1:275 pupil/secretary ratio if enrollment > 275
Elementary Library Aide	.38 FTE if Grades K-6 enrollment < = 275 .44 FTE if Grades K-6 enrollment > = 276

HIGH SCHOOL

High School Custodian	Average of 1.0 FTE/22,000 Square Feet and 1:125 pupil/custodian ratio
High School Secretary	1:250 pupil/secretary ratio
High School Bookkeeper	1.0 FTE per school
High School Counseling Assistant	.50 FTE if enrollment 200-400 1.0 FTE if enrollment > 400
High School Library Aide	.44 FTE per school

MIDDLE SCHOOL

Middle School Custodian	Average of 1.0 FTE/22,000 Square Feet and 1:125 pupil/custodian ratio
Middle School Secretary	1:200 pupil/secretary ratio
Middle School Counseling Assistant	.50 FTE if enrollment 200-400 1.0 FTE if enrollment > 400
Middle School Library Aide	.44 FTE per school

SMALL SCHOOLS < 100

Small School Custodian	Average of FTE/18,000 Square Feet and 1:100 pupil/custodian ratio, .25 FTE minimum
Small School Secretary	.88 FTE per school

SMALL SCHOOLS > 100 WITH HIGH SCHOOL

Small School Custodian	Average of 1.0 FTE/18,000 Square Feet and 1:100 pupil/custodian ratio
Small School Secretary	1.0 FTE if enrollment < 225 1.5 FTE if enrollment > = 225

- Programmatic staffing that was implemented in FY09 is still included in the staffing of the FY14 preliminary budget.
- Supply and copy budgets have been adjusted based on student enrollment projections with a small amount of Instructional Supply Budgets reserved for staff development district-wide.
- Utility budgets have been reviewed based on historical data and adjusted for anticipated changes as needed.
- Budgets for property, liability and stop-loss insurance and worker's compensation costs, which are received as In-Kind Services from the Kenai Peninsula Borough, were budgeted at FY13 amounts.
- Fund transfers have been included for the Student Nutrition Program in the amount of \$750,000 and the Community Theater Program in the amount of \$25,000.

Use of Fund Balance and Other Considerations

The Alaska Retirement Management (ARM) Board approved changes to both TRS and PERS On-Behalf contribution rates. TRS rates increased from 40.11% to 41.06% and PERS rates decreased from 13.84% to 13.68%. The total estimate for FY14 On-Behalf contributions is \$22,845,416, an increase of \$1,279,421 from FY13. As you are aware, both the Revenue and Expenditure budgets include this amount.

Revenue from all sources for the FY14 Preliminary General Fund Budget totals \$143,373,300. Use of Fund Balance designated for Self Insurance in the amount of \$1,710,000 is also included in the preliminary budget, per previous discussion and planning with the board. The total of revenue and use of fund balance in the FY14 Preliminary General Fund Budget is \$145,083,300.

Expenditures in the FY14 Preliminary General Fund Budget total \$148,075,075. Additionally, there are transfers to other funds scheduled totaling \$775,000. The total of all expenditures and transfers for the FY14 Preliminary General Fund Budget is \$148,850,075.

Even with use of Fund Balance designated for Self Insurance, there is still a gap between revenues and expenditures in the amount of \$3,766,775. This amount may increase with the finalization of negotiations. A combination of cuts to expenditures, increased funding at the state and/or local level and additional use of fund balance are options available for balancing the budget.

Budget Forums

Opportunities for review and discussion of the FY14 will continue to be held around the borough. Dates and information about the budget cycle that has been/will be used in formulating the final FY14 budget are as follows:

November 8, 2012	Community Budget Development Committee Meeting
January 14, 2013	FY14 Preliminary General Fund Budget, Board Work Session
February 11, 2013	FY14 Detailed Preliminary Budget Information, Board Work Session
February 19, 2103	Public Budget Forum, Seward High Library, 6 pm
February 20, 2013	Public Budget Forum, Skyview High Library, 6 pm
February 28, 2103	Public Budget Forum, Homer High Library, 6 pm
March 4, 2013	Presentation of FY14 Budget at School Board Meeting
April 1, 2013	Presentation of FY14 Budget for Approval at School Board Meeting
April 16, 2013	Final FY14 Budget to Borough Assembly

ADMINISTRATIVE RECOMMENDATION

Administration is presenting for information and discussion. No action is necessary at this time.