



## KENAI PENINSULA BOROUGH SCHOOL DISTRICT

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### SCHOOL BOARD COMMUNICATION

**Title:** FY17 Preliminary General Fund Budget

**Date:** January 8, 2016

**Item Number:**

**Administrator:** Dave Jones  
Assistant Superintendent

**Attachments:** Preliminary Budget Presentation packet including updated Staffing Formulas

Action Needed     For Discussion     Information     Other: \_\_\_\_\_

### BACKGROUND INFORMATION

Administration has made many changes from prior year budgets. Cuts to expenditures have been made in all areas of the district. However, if state funding for education is reduced from current levels, more cuts will likely be necessary.

#### Revenue

State of Alaska revenue projections for FY17 do not include the proposed \$50 increase to the Base Student Allocation (BSA) of the State of Alaska Foundation Funding Formula that is reflected in the Governor's current budget. State revenues include \$79,893,547 for Foundation Funding and \$283,640 for Quality Schools funding, a total of \$80,177,187.

Administration has budgeted KPB support in the amount of \$48,238,432, which is the same amount as the borough is providing in FY16. This budgeted KPB revenue amount is \$513,519 less than the projected maximum allowable local contribution for FY17 of \$48,751,951.

Total General Fund Revenue available for FY17, not including the use of fund balance, is estimated to be \$138,043,466.

#### Expenditures

Reductions to FY17 expenditures to date include:

- Reduction of 2.0 FTE Support positions at District Office
- Reduction of 2.0 FTE Certificated positions at District Office
- Reduction of 1.26 FTE Administrative positions at District Office
- Reductions to supplies, travel, Professional/Technical services, software and equipment purchases at District Office
- Reduction of 25.65 FTE in schools due to changes to the Pupil/Teacher ratio (see revised staffing formulas in the packet)
- Reduction of 2% of estimated certificated salaries/benefits (\$902,436) This is an estimate of the reduction in expenditures experienced in an average year when salaries of

actual employees in August is less than the prior year estimate, which was based on staff in place the previous December.

- Reduction of 2.0 FTE in school administration due to formula changes:
  - Elementary Asst. Principals: .50 FTE for enrollment of 400-449; 1.0 for  $\geq$  450 (Current formula = 1.0 FTE for enrollment of 400 or more)
  - Secondary Asst. Principals: .50 FTE for enrollment of 350-399; 1.0 for  $\geq$  400 (Current formula = 1.0 FTE for enrollment of 350 or more)

Administration is evaluating current support staffing formulas and all future openings to identify any additional areas for expenditure reductions.

Expenditures in the FY17 Preliminary General Fund Budget total \$137,127,760. Additionally, there is a transfer to Food Service scheduled in the amount of \$1,200,000. The total of all expenditures and transfers for the FY17 Preliminary General Fund Budget is \$138,327,760.

The difference between revenues and expenditures is a deficit of \$284,294.

### **Use of Fund Balance**

Revenue from all sources for the FY17 Preliminary General Fund Budget totals \$138,043,466 and since expenditures and transfers total \$138,327,760, it is necessary to use fund balance in the amount of \$284,294.

### **Next Steps**

Since possible funding changes instituted by the legislature will not be known for some time, it is important that all interested parties weigh in on discussions about the FY17 budget. School Board meetings, work sessions and budget discussions in communities are all venues where people can share ideas and stay informed about current plans.

In the event that further cuts are necessary, it is important that the board and administration have a good understanding of what stakeholders would prefer.

## **ADMINISTRATIVE RECOMMENDATION**

Administration is providing this information to continue the discussion of FY17 General Fund Budget matters. No action is necessary at this time.