

NWABSD Board Worksession

Wednesday, April 13, 2022 10:00 AM

District Office Boardroom, 744 Third Ave., Kotzebue, AK 99752

1. **FY 23 Budget**

Presenter: Megan
Williams

Mission: "To provide a learning environment that inspires and challenges students and employees to excel."

**NORTHWEST ARCTIC BOROUGH SCHOOL DISTRICT
BOARD OF EDUCATION WORKSESSION
TENTATIVE AGENDA**



**Wednesday, April 13, 2022
NWABSD Board Room**

10:00 a.m.

I. FY23 Budget

**To participate telephonically,
CALL-IN: 1(833) 682-3239 or 907-308-3192 CODE: 566 893 664#**

Vision: "To graduate all students with the knowledge, skills, and attitudes necessary for a successful future."

Northwest Arctic Borough School District

FISCAL YEAR 2023 BUDGET WORKSESSION

April 13, 2022



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Mission, Vision & Strategic Plan

MISSION

To provide a learning environment that inspires and challenges students and employees to excel.

VISION

To graduate all students with the knowledge, skills and attitudes necessary for a successful future.

GOAL #1 STUDENT LEARNING

1. NWABSD will all know and value our students during both remote and in-person learning.
2. NWABSD will build responsive learning environments during both remote and in-person learning
3. NWABSD will engage all students in learning during both remote and in-person learning

GOAL # 2 STUDENT SAFETY

1. Students and staff will create a safe physical environment.
2. Students and staff will learn and work in a safe emotional environment
3. Students, staff, and communities stay current to COVID considerations

GOAL # 3 FAMILY SUPPORT AND ENGAGEMENT

1. NWABSD staff will have consistent, professional, and family friendly communication with all stakeholders and families
2. NWABSD will provide opportunities that support and engage families

Budget Purpose, Preparation, & FY23 Budget Assumptions



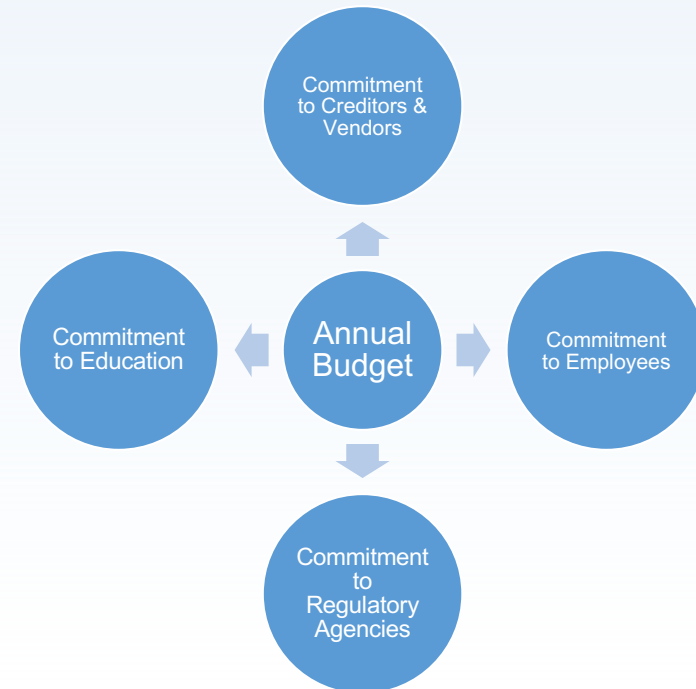
Budget Purpose

The purpose of a budget is to create a spending plan to organize, track, and improve the District's operations.

Financial Forecasting in a budget is the process of predicting future revenues and expenditures. This forecast is the basis for business decision making involving strategic financial planning for the following:

- Personnel
- Facilities
- Supplies
- Other

The Annual Operating Budget evolves and changes as accurate information is received.



Budget Preparation

The objective or goal of the district's budget process is to develop a budget that is “a long-term perspective and not simply an exercise in balancing revenues and expenditures one year at a time” (*National Advisory Council on State and Local Budgeting*).

The strategic plan is the guiding document for resource allocation. In addition to its directives, the following objectives are also prioritized:

- Evidence-based budget recommendations (data-driven, realistic, and feasible)
- Transparent, timely and objective budget system
- Participation and awareness from district stakeholders

BUDGET PREP PROCESS

January - Administrative Services begin preparing budget worksheets for forecasting;

February- April (Budget needs approval by **May 1**):

- 1) Administration/Dept Heads work together to develop budget proposal;
- 2) Administrative Team develops district-wide budget for Superintendent Review;
- 3) The Board reviews the budget proposal and makes necessary adjustments at the Budget Worksession;
- 4) School Board holds public hearing to review proposed budget;
- 5) Board votes on budget proposal at regular April meeting;
- 6) Budget Revisions are made throughout the year when accurate information is received.

FY23 Budget Assumptions

The State of Alaska's legislative session is scheduled to end in mid-April, requiring some assumptions to be made in order to develop the budget within required timelines. The budget must be balanced before it is submitted to the School Board in April and the Northwest Arctic Borough Assembly no later than May 1st.

Assumptions used in preparing the proposed budget:

- No change to the State's Base Student Allocation (BSA) at \$5,930 since 2017
- Decrease in enrollment
- No significant change to the local contribution
- Use of fund balance
- Negotiated salary increases
- Fuel cost increases
- Travel & Shipping cost increases
- Property & Liability Insurance increases
- Health Insurance cost increases

An estimated \$4.4 Million remains in general fund balance for use in the 2022-23 school year.

Fund Types & Descriptions

General Operating Fund- Fund used to account for all operations of the school district not required by law or administrative action to be accounted for in another fund.

Special Revenue Fund- Fund used to account for proceeds of specific revenue sources (other than trusts or capital projects) that are legally restricted or committed to expenditure for specific purposes other than debt service or capital projects.

Grant Fund- Fund used to account for programs funded by grants. Sometimes called designated purpose funds, their uses and limitations are specified by legal authority. Generally the resources of these funds cannot be diverted to other uses.

Capital Improvement Fund- Fund used to account for financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets (other than those or proprietary funds or trust funds). To account for resources used for acquiring capital facilities including real property, initial equipment, additions and major repairs or improvements to facilities. All projects funded by state construction grants, bonded indebtedness, and district designated capital projects.

Historical Information

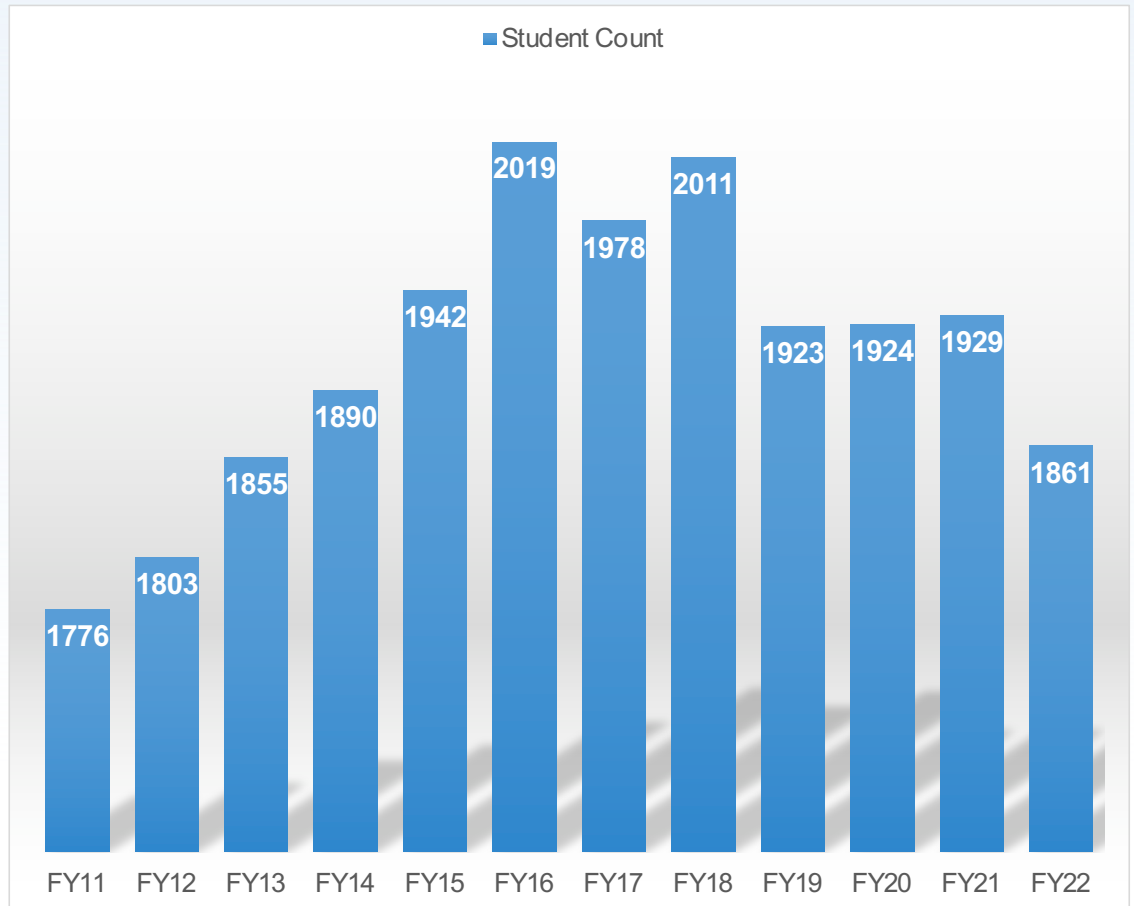


State Funded Student Enrollment

Note:

Basic Need per Student is \$5,930 x 1861 = \$11,035,730. The remainder of the State Foundation Funding is built in with other cost factors such as Special Needs (20%), District Correspondence Students, CTE (1.5%) & Other Cost Factors that equate to the approximately \$37 million in foundation revenues.

This count includes Pre-K Students, our funding does not.



The **FY22** Budget was built off of a projection of 1941

Operating Fund Balance FY16 through FY21

	<u>FY16</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>	<u>FY20</u>	<u>FY21</u>
Total Fund Balance	\$13,729,320	\$12,566,160	\$8,871,044	\$14,979,795	\$13,899,827	\$9,930,390
Inventory	\$681,784	\$739,615	\$871,478	\$1,311,574	\$861,383	\$765,422
Prepaid Items	\$114,693	\$20,207	\$18,978	\$953,202	\$1,177,235	\$25,034
Impact Aid received	\$9,576,797	\$9,127,574	\$5,754,438	\$10,445,660	\$6,858,607	\$1,243,036
Total Unreserved	<u>\$3,356,046</u>	<u>\$2,678,764</u>	<u>\$2,226,150</u>	<u>\$2,269,359</u>	<u>\$5,002,602</u>	<u>\$8,687,354</u>

FY22 Fund Balance will be available after Financial Audit

FY22 Enrollment

Northwest Arctic Borough School District

	Elementary (PK-6)	Secondary (7-12)	Total (PK-12)
Ambler School (370010)	39.10	20.15	59.25
Aqqaluk High/Noorvik Elementary (370100)	125.02	73.55	198.57
Buckland School (370020)	108.00	74.60	182.60
Davis-Ramoth School (370210)	134.90	89.30	224.20
Deering School (370030)	29.65	19.00	48.65
June Nelson Elementary (370080)	250.95	0.00	250.95
Kiana School (370040)	59.70	44.50	104.20
Kobuk School (370070)	22.30	8.55	30.85
Kotzebue Middle/High School (370150)	49.60	277.85	327.45
McQueen School (370060)	90.13	74.25	164.38
Napaaqtugmiut School (370090)	70.00	76.75	146.75
NWABSD Home School (378020)	22.90	25.60	48.50
Shungnak School (370110)	42.70	32.55	75.25
Total	1044.95	816.65	1861.60

The **FY22** Budget was built off of a projection of 1941

FY23 Enrollment Projection

School District / Attendance Center:	K-6 ADM	7-12 ADM	ADM TOTAL	SPED Intensive
<i>Enter the District's ADM & Intensive numbers in the column for that school. Correspondence goes in the above box.</i>				
NORTHWEST ARCTIC				
Ambler School	38	23	61.00	
Aqqaluk School	117	86	203.00	
Buckland School	101	80	181.00	
Deering School	32	19	51.00	
Kiana School	59	47	106.00	
Kobuk School K-12	22	12	34.00	
June Nelson Elementary School (Kotzebue)	243	0	243.00	
Kotzebue Middle/High School	41	282	323.00	
McQueen School (Kivalina)	91	75	166.00	
Napaaqtugmiut School (Noatak)	61	83	144.00	
Davis-Ramoth Memorial (Selawik)	130	106	236.00	
Shungnak School	42	41	83.00	
TOTAL	977.00	854.00	1,831.00	46.00

Correspondence ADM Only
47

Enrollment Projection is used to budget State Foundation revenue

FY22 Budget



FY22 General Fund Budget

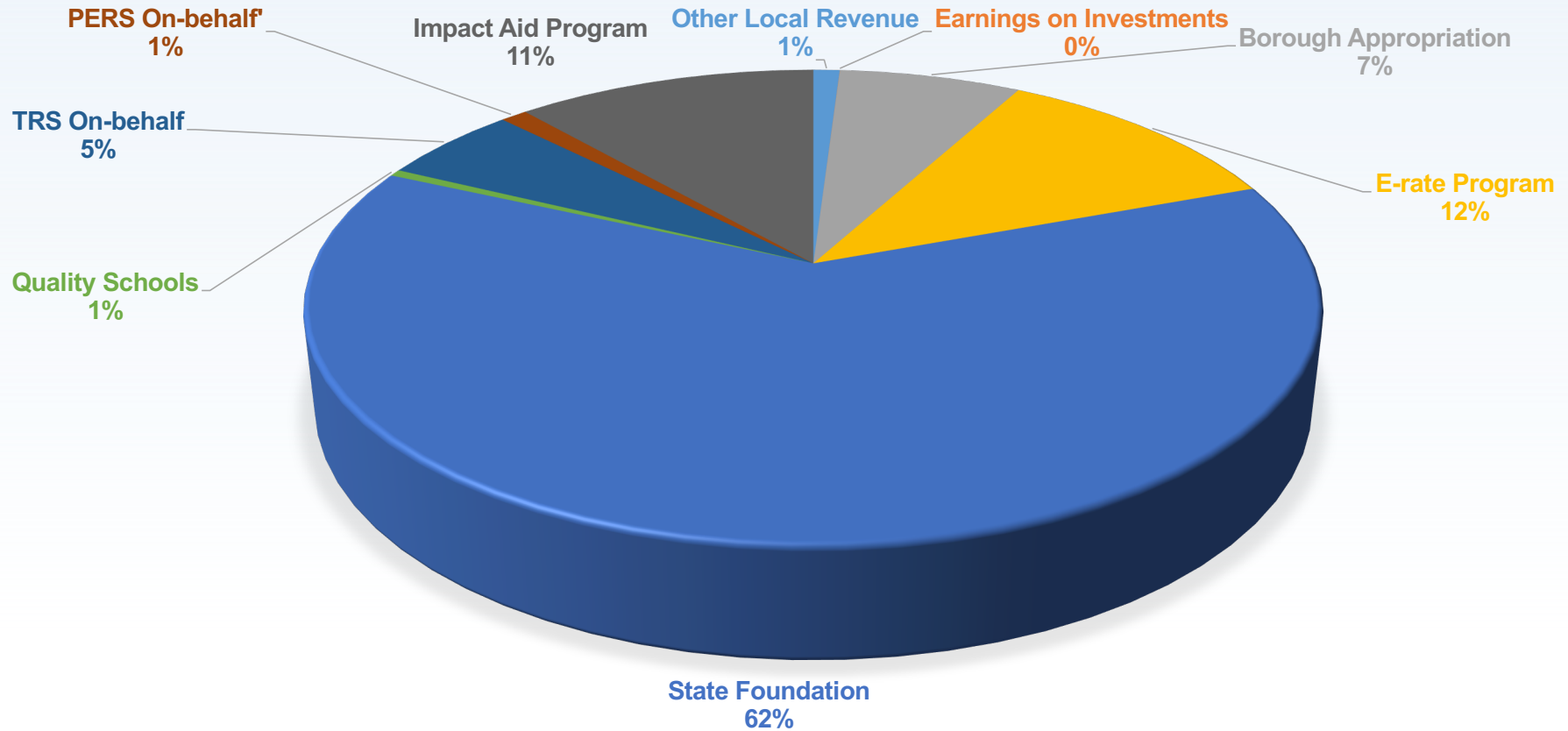
REVENUE	
Other Local Revenue	\$600,000
Earnings on Investments	\$3,200
Borough Appropriation	\$4,151,951
E-Rate Program	\$6,860,873
State Foundation	\$37,462,908
Quality Schools	\$273,143
TRS On-Behalf	\$3,191,942
PERS On-Behalf	\$611,444
Impact Aid Program	\$6,858,607
TOTAL:	\$60,014,607

EXPENDITURES	
Salaries & Benefits	\$38,387,833
Professional & Technical Services	\$3,191,302
Travel	\$1,350,043
Utilities	\$12,374,994
Other Purchased Services	\$2,454,407
Property & Liability Insurance	\$953,044
Supplies, Materials & Media	\$1,461,071
Tuition, Dues & Fees & Equipment	269,813
Indirect Cost Recovery	(\$300,000)
TOTAL:	\$60,142,506

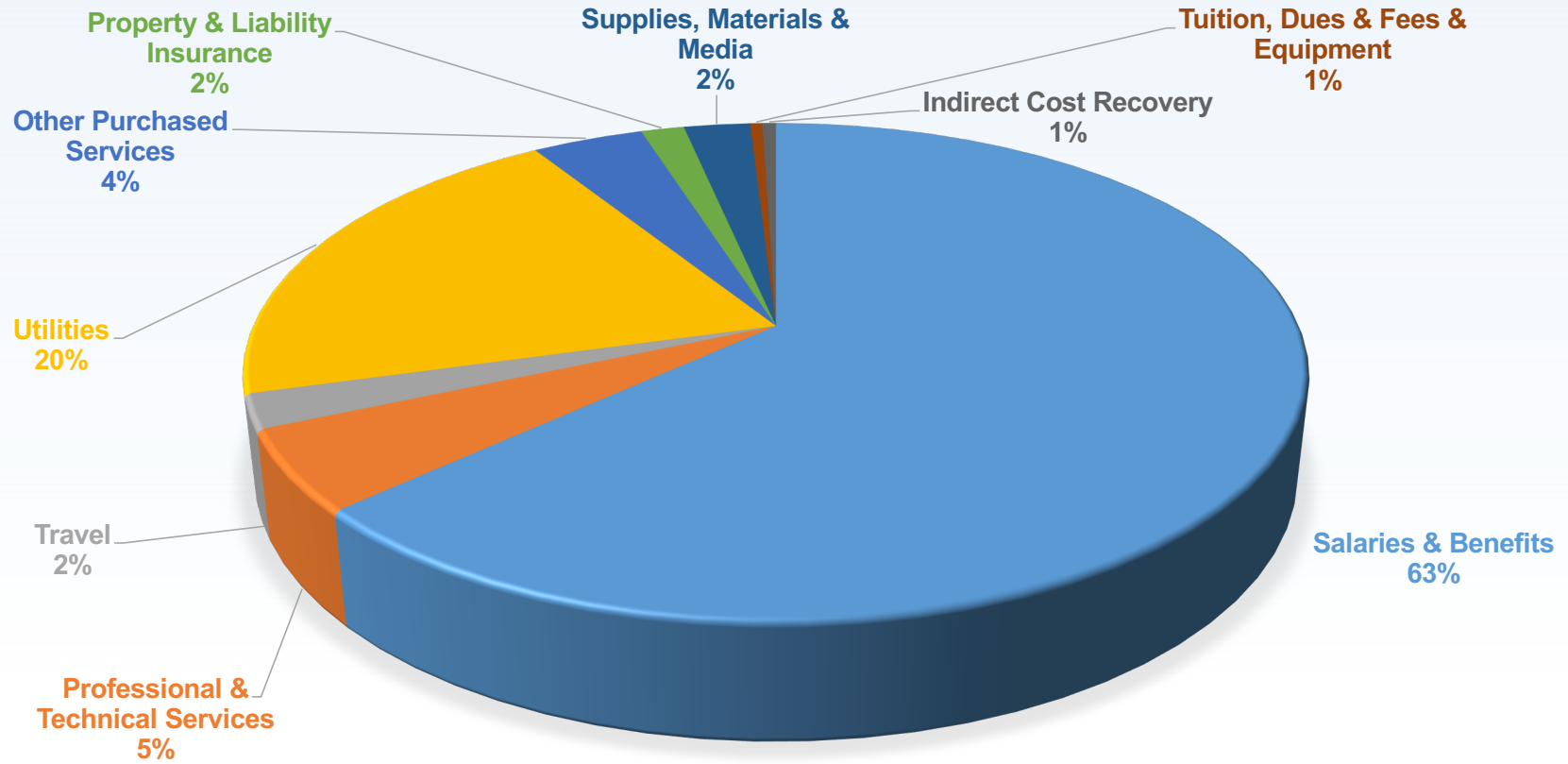
TRANSFERS OUT	
Teacher Housing Fund	\$450,000
Special Rev Fund-transportation	\$45,000
TOTAL:	\$495,000

USE OF FUND BALANCE	
Budgeted to use in FY22	\$623,438

FY22 General Fund Revenue by Source



FY22 General Fund Expenditures



FY23 Budget



Increases to the FY23 Operating Budget

The FY23 General Fund Budget reflects increases based on the following:

- Heating Fuel → 50% (with added cost for Kivalina)
- Property & Liability Insurance → 5%
- Health Insurance → 7%

- Anticipated salary increases for:
 - Classified → \$1 per hour based on Negotiated Agreement
 - Teachers
 - Administrators



FY23 General Fund Budget

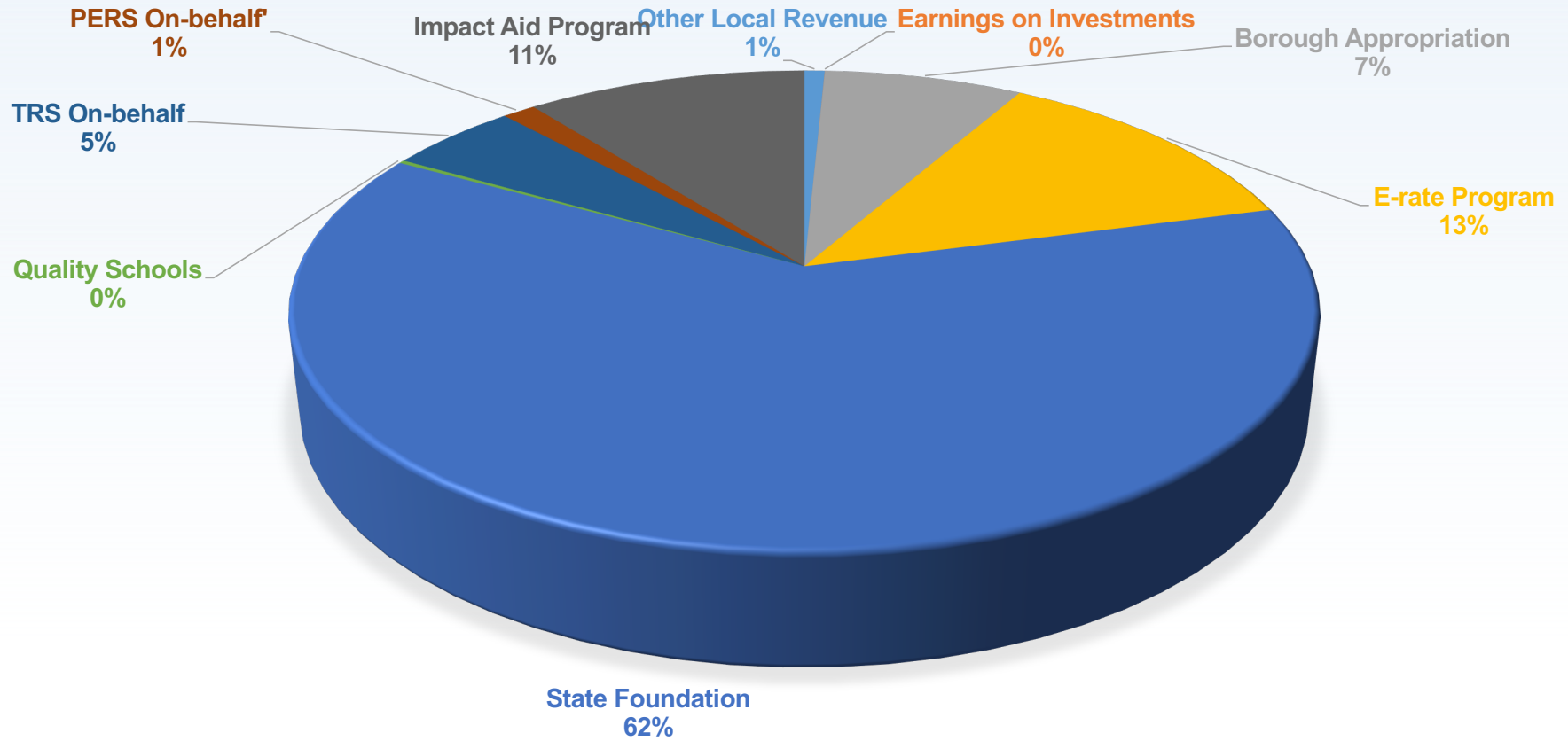
REVENUE	
Other Local Revenue	\$450,000
Earnings on Investments	\$3,000
Borough Appropriation	\$4,402,689
E-Rate Program	\$7,456,903
State Foundation	\$36,660,884
Other State Revenue	\$127,645
TRS On-Behalf	\$2,889,915
PERS On-Behalf	\$734,163
Impact Aid Program	\$6,216,361
TOTAL:	\$58,941,560

EXPENDITURES	
Salaries & Benefits	\$40,399,122
Professional & Technical Services	\$3,358,006
Travel	\$1,427,179
Utilities	\$13,980,433
Other Purchased Services	\$2,369,016
Property & Liability Insurance	\$1,000,159
Supplies, Materials & Media	\$1,520,108
Tuition, Dues & Fees & Equipment	218,494
Indirect Cost Recovery	(\$300,000)
TOTAL:	\$63,972,517

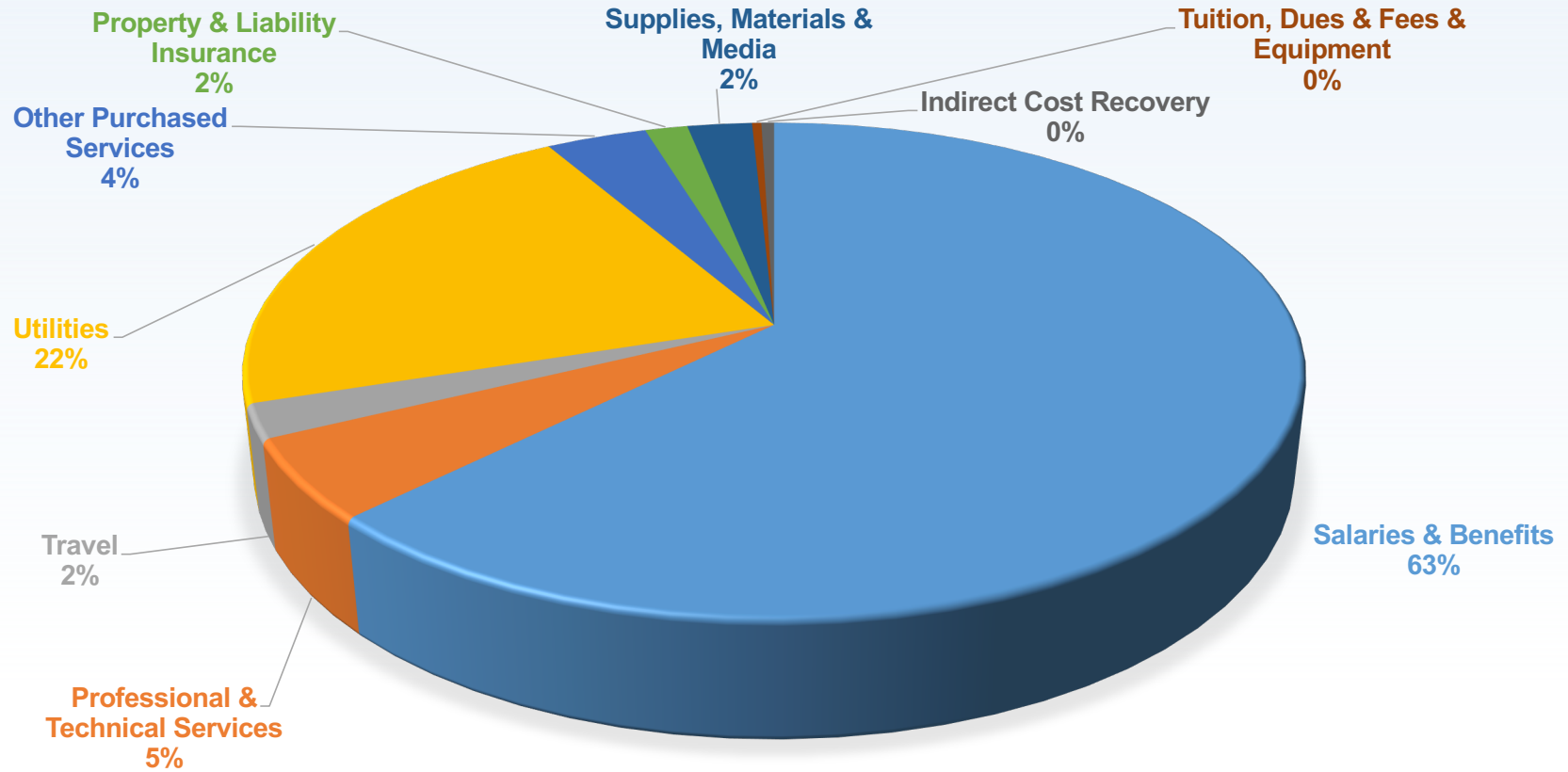
TRANSFERS OUT	
Teacher Housing Fund	\$350,000
Special Rev Fund-transportation	\$50,000
TOTAL:	\$400,000

EXPENSE OVER REVENUE	
Deficit	\$5,430,957

FY23 General Fund Revenue by Source



FY23 General Fund Expenditures

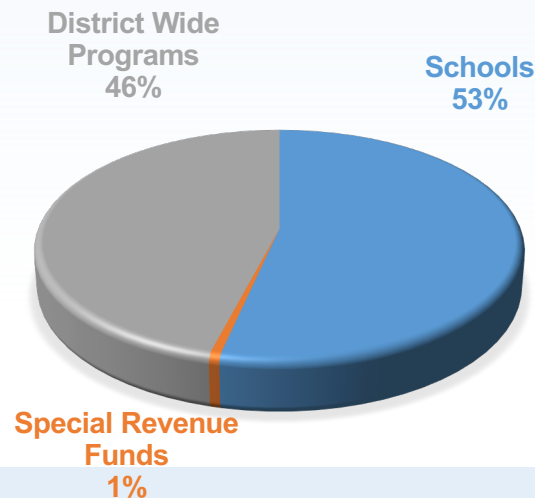


FY23 Budget by Site & Department

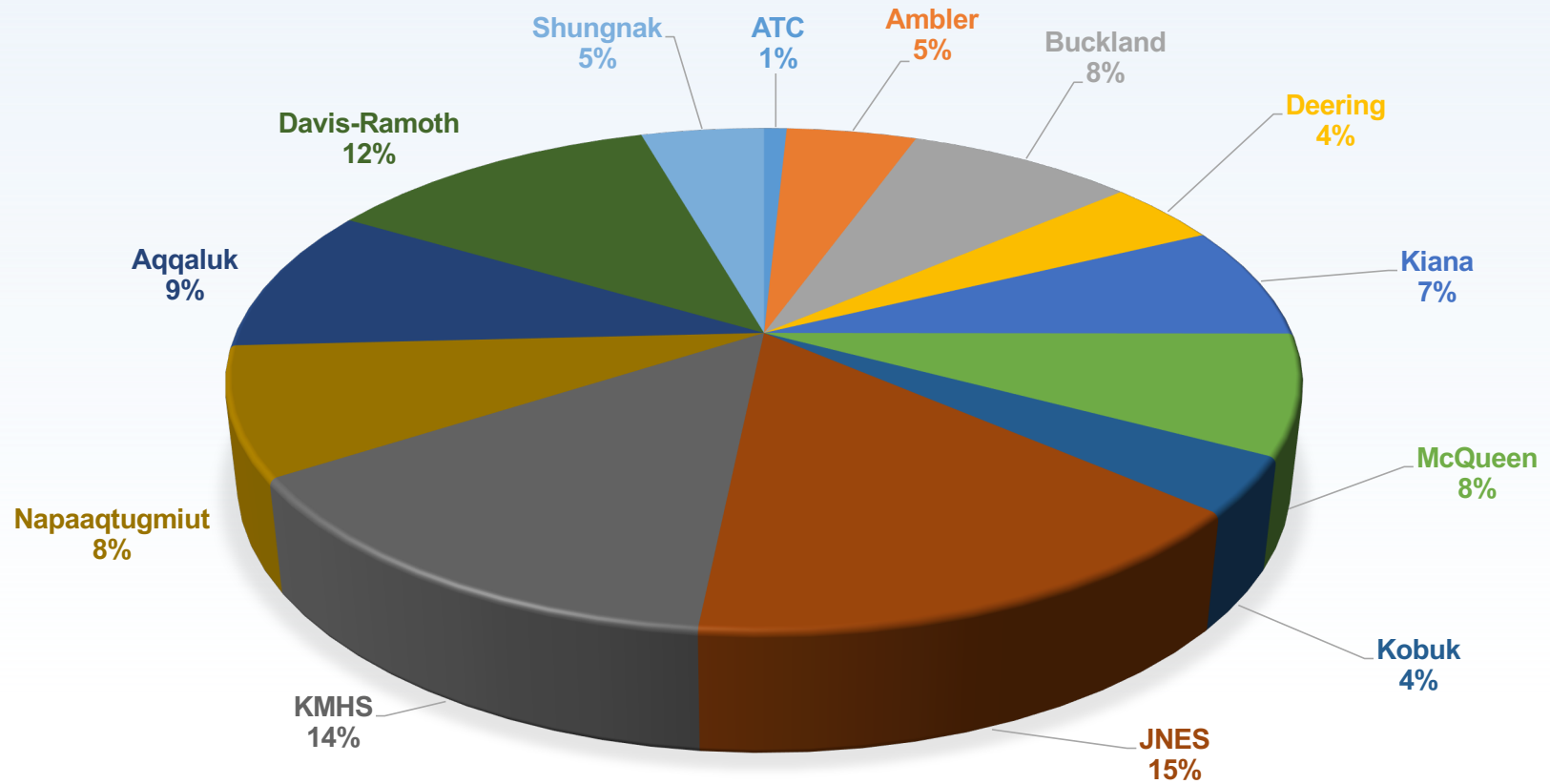
Schools	
Alaska Technical Center	\$280,100
Ambler	\$1,610,148
Buckland	\$2,826,723
Deering	\$1,411,471
Kiana	\$2,490,310
Kivalina	\$2,656,208
Kobuk	\$1,244,049
JNES	\$5,252,607
KMHS	\$4,906,726
Noatak	\$2,857,443
Noorvik	\$3,202,887
Selawik	\$4,159,841
Shungnak	\$1,521,120
TOTAL:	\$34,419,633

Special Revenue Funds	
Special Rev Fund-Transportation	\$50,000
Teacher Housing Fund	\$350,000
TOTAL:	\$400,000

District Wide Programs	
Board of Education	\$624,507
Superintendent's Office	\$1,230,242
Student Services	\$1,918,161
Curriculum	\$561,156
Iñupiaq Education	\$218,448
Dist. Wide Instructors & Supplies & On-Behalf	\$4,228,022
Student Activities	\$1,022,264
Administrative Services	\$1,668,308
Human Resources	\$827,009
Technology	\$9,524,470
Property Maintenance	\$7,730,297
TOTAL:	\$29,552,884



FY23 School Site Budgets



Northwest Arctic Borough Schools



AMBLER



BUCKLAND



DEERING



KIANA



KIVALINA



KOBUK



**JUNE NELSON
ELEMENTARY-
KOTZEBUE**



**KOTZEBUE
MIDDLE/HIGH
SCHOOL**



NOATAK



NOORVIK



SELAWIK

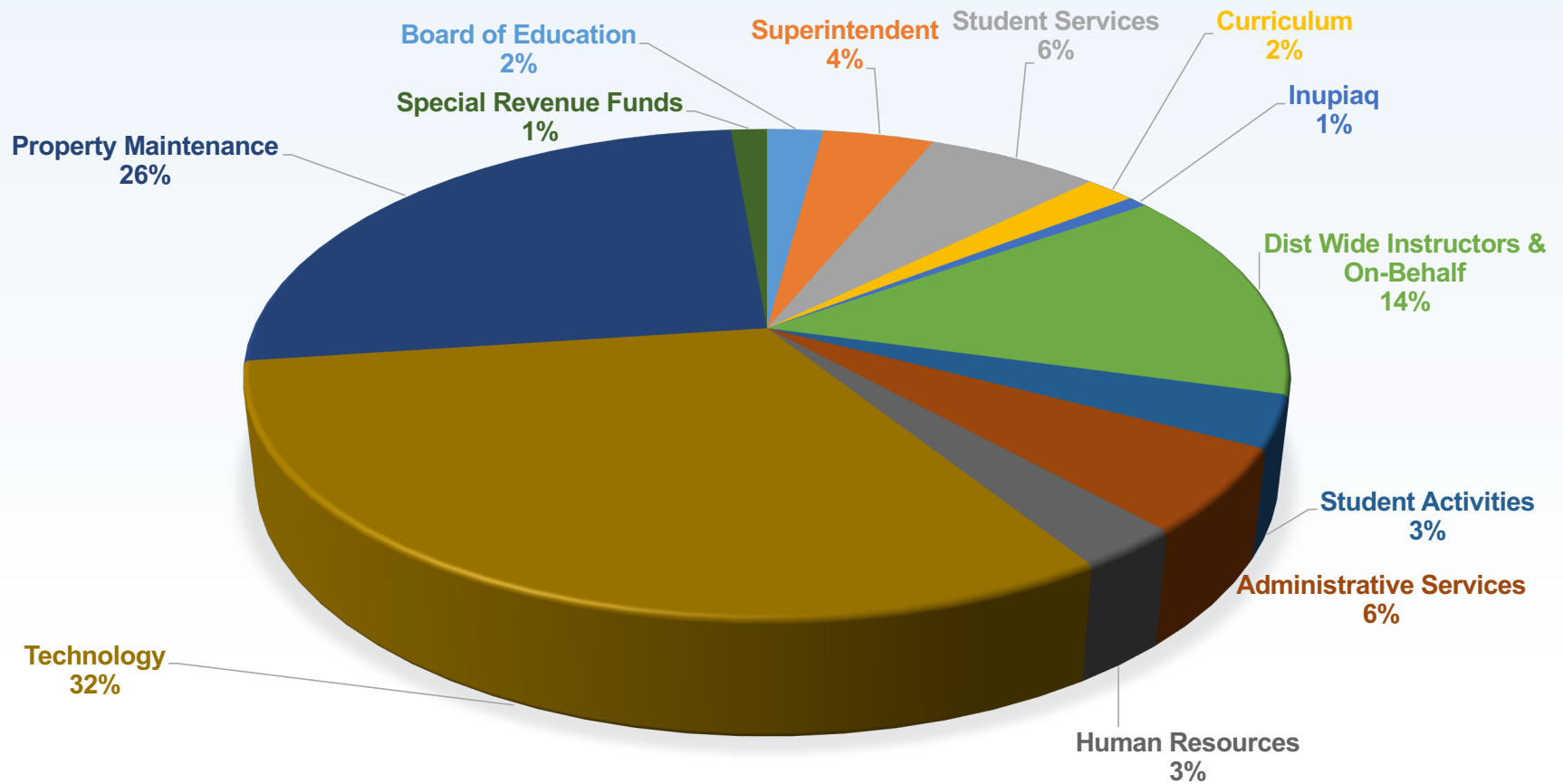


SHUNGNAK



**ALASKA
TECHNICAL
CENTER
KOTZEBUE**

FY23 District Wide Programs



Capital Improvement Funds



Capital Improvement Overview FY22

FUND NAME	FUND CODE	FY22 BALANCE	FY23 PROJ. BALANCE	TIMELINE	SOURCE	PRIMARY USES
District Technology	500	\$ 263,495.18	\$ 1,134,480.84	Unspecified	GF transfer	Reserved for technology refreshes and improvements to technology infrastructure or to transfer to GF if needed.
Impact Aid Capital	501	\$ 53,384.72	\$53,384.72	Unspecified	Impact Aid	Restricted to support capital improvement projects.
Local Funded Maintenance	502	\$ 1,226,744.02	\$ 1,225,337.00	Unspecified	GF transfer	Reserved for necessary maintenance projects not covered by operating budget or to transfer to GF if needed.
CIP Reserved Local Share	510	\$ 509,623.00	\$ 383,423.01	Unspecified	GF transfer	Reserved for Capital Improvement Projects local share.
WLK Teacher Housing FY22	514	-0-	(\$123,459.00)	Until project complete	AHFC & CIP transfer	Restricted for WLK Teacher Housing Project
KVL Teacher Housing FY20	517	\$ 52,149.11	-0-	Until project complete	AHFC & CIP transfer	Restricted for KVL Teacher Housing Project
KVL Teacher Housing FY21	518	\$ 107,117.17	-0-	Until project complete	AHFC & CIP transfer	Restricted for KVL Teacher Housing Project

Capital Improvement Overview FY22 continued...

FUND NAME	FUND CODE	FY22 BALANCE	FY23 PROJ. BALANCE	TIMELINE	SOURCE	PRIMARY USES
KVL Bus Barn	522	-0-	-0-	Until project complete	Borough	Restricted for KVL Bus Barn
Deering K-12 Renovation	544	-0-	(\$ 43,275.78)	Until project complete	GF Transfer	Restricted for DRG School Project
KVL School	548	\$ 16,354,982.00	\$ 8,421,283.70	Until project complete	State & Borough	Restricted for KVL School Project
Buckland HVAC	549	-0-	-0-	Until project complete	Borough	Restricted for BKC HVAC Project
KVL Teacher Housing	550	\$ 1,954,237.72	\$ 1,477,177.78	Until project complete	GF Transfer	Restricted for KVL Housing Project
NW Magnet School (expansion)	552	\$1,180,957.02	\$ 310,957.02	Unspecified	GF transfer	Reserved for Star NW Magnet School expenditures over revenue or to transfer to GF if needed.
Magnet School Dormitory	553	\$299,946.87	\$ 299,946.87	Unspecified	GF transfer	Reserved for Star NW Magnet School expenditures over revenue or to transfer to GF if needed.
TOTAL:		\$22,002,636.81	\$ 13,139,256.16			

Balancing the FY23 Budget



FY23 General Fund Budget

REVENUE	
Other Local Revenue	\$450,000
Earnings on Investments	\$3,000
Borough Appropriation	\$4,402,689
E-Rate Program	\$7,456,903
State Foundation	\$36,660,884
Other State Revenue	\$127,645
TRS On-Behalf	\$2,889,915
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Utilities	\$13,980,433
Other Purchased Services	\$2,369,016
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Supplies, Materials & Media	\$1,520,108
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TOTAL:	\$63,972,517

TRANSFERS OUT	
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TOTAL:	\$400,000

EXPENSE OVER REVENUE

Deficit	\$5,430,957
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The purpose of this Budget Worksession is to Balance our FY23 Operating Budget

Possible Actions to balance the FY23 Operating Budget

This is a list of ideas generated and reviewed by the District's Administrative Leadership Team for Board consideration

- Increase the Student:Teacher ratio
 - \$1,765,000 - Reduction of 14 Teaching positions District wide
- Give Staff a stipend to waive health insurance
 - \$1,100,000 estimated savings
- Close the old Ambler High School
 - \$300,000 estimated savings
- Transfer in from Capital Improvement Funds
 - \$3,187,241 estimated transfer
- Use of Fund Balance - An estimated \$4.4 Million remains in general fund balance for use in the 2022-23 school year
- Other reductions with Direction from the Board

Possible Action: Increase Student to Teacher Ratio

NWABSD implemented a District wide Student to Teacher Ratio in FY22 to create equity across all our schools.

CURRENT STUDENT:TEACHER RATIO

Elementary

- Average of 16 Students to 1 Teacher
- No Classroom with more than 3 grade levels

Middle/High School

- Average of 20 Students to 1 Teacher - High School
- Minimum of 2 teachers

PROPOSED STUDENT:TEACHER RATIO

Elementary

- Average of 18 Students to 1 Teacher
- No Classroom with more than 3 grade levels

Middle/High School

- Average of 23 Students to 1 Teacher - High School
- Minimum of 2 teachers

This option could potentially decrease our teaching staff district wide by 14 FTE and our FY23 budget by \$1,765,000

Possible Action: Stipend for waiving Health Insurance

NWABSD offers Health Insurance to all permanent staff members at a very low cost, but a high cost to the District. The Health Insurance plan is self funded, meaning we pay all costs except for the employee contribution and deductible.

Some of our employees have other forms of health insurance (IHS, Military, covered by parents, etc.). Staff currently have the option to waive health insurance, and we have approximately 20 staff members that do.

If 50 more of our staff members opt out of health insurance it could save us approximately \$1,100,000 per year in health insurance costs. This amount is an estimate based on the \$27,000 budgeted per employee in FY23 minus a \$5,000 stipend (incentive).

Health Insurance Costs:

FY22 Budget - \$6,600,247

FY23 Budget - \$7,905,870

Increase \$1,305,623

Possible Action: Closure of old High School Building

Currently our old Ambler High School that includes the gymnasium is separate from the main school, and utilities cost approximately \$300,000 to keep it open.

This proposal is to close the old High School Building/Gymnasium for every day use, use the current school multi-purpose room for gym class, but open the old building for special events. The gym is currently being used for PE for about 5 classes per day and recess.

Building Size Comparison:

Ten Plex = 8,300 sq. ft.

Old Ambler High School = 13,100 sq. ft.

ATC Dorm = 17,000 sq. ft.



Possible Action: Transfer in from Capital Improvement Funds

In previous years we have budgeted to transfer funds into the General Operating Budget from Capital Improvement Funds. Only funds that were previously transferred from the General fund can be transferred back. I have noted the estimated amounts available to transfer below.

CAPITAL IMPROVEMENT FUND	
Technology	\$1,134,481
Local Maintenance	\$1,225,337
CIP Reserve – Local Share	\$216,519
NW Magnet School	\$310,957
Magnet School Dorm	\$299,947
TOTAL:	\$3,187,241

Questions/Discussion.....

