



Fairbanks North Star Borough School District

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Date: August 9, 2017
 To: FNSBSD Board of Education, Heidi Haas, Board President
 Through: Dr. Karen Gaborik, Superintendent
 From: Lisa Pearce, Chief Financial Officer
 Re: Final 2017-18 Approved Budget

On June 22, 2017 the Board of Education approved a final budget for the 2017-18 school year. The final budget for all funds is as follows:

<u>Fund</u>	<u>2016-17 Approved Revenue Budget</u>	<u>2017-18 Approved Revenue Budget</u>	<u>Revenue Increase (Decrease)</u>	<u>% Change</u>
School Operating	\$ 206,865,586	\$ 204,868,931	\$ (1,996,655)	-1.0%
Student Transportation	14,709,731	15,059,731	\$ 350,000	2.4%
Nutrition Services	5,500,000	5,763,593	\$ 263,593	4.8%
School Activities	2,600,000	2,600,000	\$ -	0.0%
Local Programs	245,000	245,000	\$ -	0.0%
State Programs	150,000	150,000	\$ -	0.0%
Federal Programs	11,265,000	11,265,000	\$ -	0.0%
	<u>\$ 241,335,317</u>	<u>\$ 239,952,255</u>	<u>\$ (1,383,062)</u>	<u>-0.6%</u>

At the time of the final board action in June, the budget detail included \$248,592 expenditures in excess of revenue. The direction of the board to administration was to determine how to address this in the final budget adjustment. Within the presented final budget, this adjustment was made to curriculum materials. The curriculum materials budget amount had been \$416,650 prior to this adjustment. The final reduction needed to balance the budget left the curriculum materials budget amount at less than \$200,000.

Administration will continually communicate with the Teaching & Learning Department throughout the 2017-18 year to ensure that adequate resources are available to meet the curriculum material needs as they arise. Possible areas for budget transfers to cover such needs may be in the area of salary and benefits for vacant positions.

The final effect on full time equivalent positions in the 2017-18 Operating Fund was a reduction of 28.2 FTE. A summary of FTE changes is included with this memo. Class sizes were increased at the secondary level with an increase of 1.5 in Grades 7-8 and an increase of 2.0 in grades 9-12. Note the following;

<u>Grade Level</u>	<u>2016-17 Targeted Class Sizes</u>	<u>2017-18 Targeted Class Sizes</u>	<u>2017-18 Expected Class Sizes</u>
Flex Kindergarten	22.5 to 1	22.5 to 1	22.3
Grades 1 - 3	24.0 to 1	24.0 to 1	24.0
Grades 4 - 6	26.0 to 1	26.0 to 1	25.9
Grades 7 - 8	26.5 to 1	28.0 to 1	22.4 to 33.6
Grades 9 - 12	28.5 to 1	30.5 to 1	24.4 to 36.6

Use of fund balance to meet the 2017-18 Approved Budget Operating Fund commitments is \$7,575,000. This is approximately half of the audited available fund balance at June 30, 2016. This is a practice that is not sustainable over a long term and will certainly be an issue to consider as the next budget cycle begins.

One additional note is that the overall dollar amount of the Final 2017-18 Approved Budget has been decreased by an additional \$1,476,013 in the Operating Fund beyond any of the expenditure reduction dialogue held by the board at the June meeting. This is due to the reductions in on-behalf contribution rates from the State of Alaska Department of Retirement & Benefits. These rates are set by the Alaska Retirement Management Board every year to cover the unfunded liability for the PERS and TRS retirement systems. The 2018 rate for PERs decreased by 1.13% and the TRS rate decreased by 2.37%. The net budgetary affect is zero as the state legislature provides full funding for this expenditure. It is an annual adjustment made in the final version of the budget. However, it does cause a significant final adjustment that warrants explanation.

2017-18 Approved Budget Full Time Equivalent (FTE) Changes

New Positions	FTE
Teachers – Lathrop Innovation Program	4.0
Teachers - ELL Teachers	1.0
Principals - (Salcha & Two Rivers)	2.0
Grade 5 Secretary	1.0
Boreal Sun start up - new staffing after reassignments	5.3
ELL Tutors	2.0
Kindergarten Aides to support Full Day K	21.0
Alaska Native Education Aide - HHS	1.0
Social Workers	4.0
Executive Director Communications Development & Engagement	1.0
Payroll Clerk	<u>1.0</u>
	43.3

Position Reductions	FTE
Teachers - Reduction due to Enrollment	-13.5
Teachers - Reduction due to Secondary PTR increase	-13.0
Teachers - ITT - Instructional Tech Teacher	-1.0
Teachers - Music Restructure	-1.0
Teachers - Head Teachers (.5 Salcha & .5 Two Rivers)	-1.0
Middle School Assistant Principal	-1.0
Library Assistants	-3.0
RTI Assistants	-18.0
Prevention Intervention Specialists (vacancies)	-2.0
Custodians (attrition)	-7.0
Custodians for Swimming Pools	-2.0
Custodian at Admin Center	-1.0
Facilities Department - Grounds Mechanic	-1.0
Facilities Department - Controls Technician	-1.0
Assistant Accounts Payable Clerk	-1.0
Mail Clerk	-1.0
Warehouse positions	-2.0
Human Resources position	-1.0
IT - Records Management Technician	<u>-1.0</u>
	-71.5

OVERALL FTE Adjustment for 2017-18 -28.2

12 month to 10.5 month Reductions

District Wide Activities Coordinator
 Director of Discipline and Prevention Intervention Programs

12 month to 10 month Reductions

Materials Development Specialist (Federal Programs)
 Cashier
 After Schools Program Secretary
 BEST Tutor
 BEST Secretary