



# NORTH SLOPE BOROUGH SCHOOL DISTRICT

## MEMORANDUM

**TO** Roxanne Brower, President  
Members of the School Board

**THROUGH** Stewart McDonald, Superintendent

**FROM** David Nielsen, Director of Financial Services

**DATE** March 23, 2018

**SUBJECT** FY2019 Proposed Initial Budget

**MEMO#: SB18-171**  
(Action Item)

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### 2015-20 STRATEGIC PLAN SUMMARY – 2017-18 SCHOOL YEAR

#### DEVELOPMENT OF THE WHOLE CHILD

- 4 FINANCIAL & OPERATIONAL STEWARDSHIP:** Effectively employ our operational and financial resources to support our strategic goals and long-term stability of the district.

OBJECTIVE

- 4.1 FINANCIAL STEWARDSHIP/MANAGEMENT:** Ensure financial management based on what is best for our students.

AS OF JUNE 2017

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#### Recommendation

The administration recommends that the Board of Education approve the FY2019 Proposed Initial Budget, which is a revised version of the FY2019 Preliminary Proposed Initial Budget. The FY2019 Preliminary Proposed Initial Budget was submitted for consideration to the Borough Assembly and Mayor's Office in late January 2018. The preliminary proposed initial budget requested that the Borough Assembly approve a \$74,423,903 budget for fiscal year 2018-2019. This request included \$39,997,000 from the North Slope Borough in support of education.

#### Issue Summary

The district was notified via a letter dated February 15, 2018, that the North Slope Borough Mayor's Office and Department of Administration and Finance was in the process of developing the FY 18-19 Budget. The letter clarified that, "At this time, we have determined that the level of the North Slope Borough's financial support to the North Slope Borough School District for FY 18-19 will be \$35,375,626. This amount reflects no increase to your baseline annual budget from the previous year."

The letter explained that, "Based upon our initial financial forecasts and the drastic reduction in population figures which reduces the Borough's overall operating budget, this is the maximum amount of funding which I will be able to allocate to your organization for the upcoming fiscal year."

The Borough communication included an additional provision, which denotes, "At a later time contingent on the availability of funds, My administration is committed to providing additional resources to the School District in the form of an MOU between the Borough and the School District to continue to support the Inupiaq Education Program in the amount of \$650,000 and provide Vocational Education Programs, with the primary focus on Shop (Mechanical and Wood) and Home Ec (Sewing and Cooking) in the amount of \$500,000."

#### Background

In order to balance the FY2019 Proposed Initial Budget, given that the additional funding initially requested from the Borough will not be readily forthcoming, all revenue sources and expenditures lines were fully reexamined

and adjusted, as deemed appropriate and necessary. While the overall effect on the budget was a decrease in the total amount, some expenditures increased from their original estimates while others decreased, as more reliable information became available.

For planning and budgeting purposes, it is anticipated that the \$1,150,000 contingent on availability additional funding noted in the letter will become available, and thereby, the \$1,150,000 has been recorded as revenue on the Other Borough Revenue line in the revised budget. Also included as revenue on the Other Borough Revenue line is the Borough's anticipated, continued support of the RLC Qatqiññaġvik program in the amount of \$900,000. The continued support of this program has unofficially been communicated to the RLC Qatqiññaġvik program coordinator.

For FY2019 student enrollment considerations, the Fall 2017 OASIS collection report, which resulted in a student count of 1,852.06 and the FY2019 Student Enrollment Projection of 1,891.00 were utilized for major calculations in revenue and expense in the development of the FY2019 Proposed Initial Budget.

This budget assumes no employee within the district will get a wage increase that is not directly tied to a salary schedule step increase salary adjustment. Each position is placed at a salary level on a salary schedule based on the job type and work experience. This budget assumes that the district will honor the salary schedule for all employees; noting that the district is required to honor the salary schedule step increase adjustments governed by prevailing negotiated agreements for some employee work groups. Potential negotiated salary adjustments are predicated on the outcome of ongoing deliberations and have been conservatively postulated.

The FY2019 Proposed Initial Budget contains approximately \$1,871,367 in increments and \$940,277 in decrements for a net increase of \$931,090. Not included in the current budget under consideration are FTE-related incremental requests in the amount of \$4,063,373; along with a possible \$100,600 FTE-related decrement. It is anticipated that the FTE-related incremental requests will be evaluated further, as the district staffing composition is scrutinized, accessed, and realigned by the superintendent and pertinent staff. Not included in the current budget under review are general incremental requests totally approximately \$717,400, which will also need to be considered and prioritized should additional funding become available.

The Deputy Director of Finance for the North Slope Borough Department of Administration and Finance openly cautioned that it would not be prudent to request additional supplemental funding by way of a comprehensive operating budget or supplemental budget. Consequently, the additional \$1,000,000 requested for augmented Student Activities funding contained in the budget submitted to the Borough in January has been removed from this budget iteration. The Deputy Director of Finance highly recommended by that the district submit a single supplemental request for additional Student Activities funding support at a later date utilizing a Mayor's Initiative request.

The FY2019 Proposed Initial Budget represents a balanced budget – Revenue & Expenditures – in total equal amounts of \$73,311,152. Included in the total expenditures is \$4,085,358 in General Fund transfers to Special Revenue Funds: • Pupil Transportation \$291,491; • Community Schools \$300,000; • Food Service \$2,394,986; and • Employee Housing \$1,098,881.

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**Motion:**

"I move that the NSBSD Board of Education approve the FY2019 Proposed Initial Budget of \$73,311,152 total revenue and \$73,311,152 total expenditures, as presented in the FY2019 Proposed Initial Budget document."

Moved by \_\_\_\_\_ Seconded by \_\_\_\_\_

Vote \_\_\_\_\_