



Craig City School District

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Jackie Hanson, Superintendent
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Memorandum Item 10d

TO: CCSD School Board Members
FROM: Jackie Hanson, Superintendent
DATE: April 24, 2025
SUBJECT: CCSD FY 2026 Draft Projected Budget

The CCSD School Board held a Budget Work Session to review the FY 2026 Draft Projected Budget on Wednesday, April 9, 2025. This memorandum provides an updated summary of CCSD's FY26 Draft Projected Budget based on the current assumption of a flat Base Student Allocation (BSA) of \$5,960. Due to rising costs and a significant reduction in projected revenue, the FY26 budget includes cost-saving measures to maintain fiscal stability.

FY26 Reductions/Reallocations

In an effort to balance the budget with flat funding and increased operating costs, the following reductions and adjustments have been accounted for:

- Absorb one Maintenance/Bus Driver position
- Absorb one Elementary Teacher position
- Absorb ½-time PACE Contact Teacher
- Consolidate PACE Principal position and CHS Principal position
- Close the PACE Ketchikan Learning Center

FY26 Projected Cost Increases

- Certified Staff Salary Increases: A 2% increase is currently accounted for in the draft projected budget.
- Medical Insurance: A 14.5% increase in medical premiums is currently accounted for in the draft projected budget, substantially increasing CCSD's benefits costs.

Please note that since the April 9th Board Work Session, CCSD has been notified by the state of a revenue/state aid reduction of **(\$186,984)** for FY25. This decrease is due to inaccurate student count projections submitted in November 2023. Additionally, an error in student count projections submitted to the Office of Indian Education in January of 2024 will result in an additional reduction of **(\$40,465)**. Unfortunately, these funding shortfalls negatively affect CCSD's Projected Beginning Fund Balance for FY26 and necessitate immediate adjustments to ensure expenditures align with actual revenue.

CCSD's FY26 budget reflects a proactive response to flat funding and rising costs driven by inflation. While the decisions to reduce staff and close programs are extremely difficult, they are necessary to ensure financial sustainability for the coming year. We will continue to monitor enrollment, seek efficiencies, and advocate for adequate funding at the state level.

Suggested Motion: Move to approve CCSD, FY 2026 Draft Projected Budget, as presented.