



**SOUTHEAST ISLAND SCHOOL DISTRICT**  
P.O. Box 19569, 1010 Sandy Beach Rd Thorne Bay, Alaska 99919  
(907) 828-8254 Fax: (907) 828-8257 [Email: sisd@sisd.org](mailto:sisd@sisd.org)

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## **MEMORANDUM**

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**TO:** SISD BOARD OF EDUCATION

**THRU:** Rodney Morrison, Superintendent

**FROM:** Lucienne Smith, Contracted Business Manager  
Alaska Education & Business Services, Inc.

A handwritten signature in black ink, appearing to read "Lucienne Smith", is written over the printed name.

**Date:** February 12, 2025

**SUBJECT: BUSINESS MANAGER'S REPORT NARRATIVE**

*Goal #3: Increase Communication District and Community Wide*

**FY 2026 BUDGET TIMELINE** - As a reminder, the FY 2026 budget timeline follows.

**FY 2026 INSURANCE** – S&P Global Ratings projects that annual *cyber insurance* premiums will reach approximately \$23 billion by 2026, up from an estimated \$14 billion at the close of 2023. This increase reflects a 15% to 20% annual growth rate, driven by the escalating frequency and severity of cyber incidents.

Projected insurance rates for 2026 indicate a continued upward trend across various sectors. In the U.S. *property and casualty* (P/C) market, underwriting profitability is expected to improve, with net combined ratios projected at 99.5 for 2024, a 2.2-point improvement over 2023. Net written premiums are estimated to increase by 9.5% year-over-year. This positive trajectory is anticipated to continue into 2025 and 2026, assuming stable geopolitical and economic conditions.

In the *health insurance* sector, the Centers for Medicare & Medicaid Services (CMS) has proposed a 2.2% increase in reimbursement rates for Medicare Advantage plans in 2026. This proposal, which follows a 0.2% decline in the previous year, is expected to impact insurers such as UnitedHealth, Elevance Health, CVS Health Corp, and Humana.

**REPORTS** – End of year reports were all completed timely. Completing and submitting reports on time demonstrates professionalism, accountability, and respect for deadlines.

It helps ensure that information is available when needed, supports effective decision-making, and fosters trust among colleagues and supervisors. Timely submissions also allow for adequate review and follow-up, contributing to smoother workflows and better overall outcomes. A big shout out to the ladies in the district office for working to always meet deadlines.

**FY 2026 FUNDING** – For those speaking with their legislators, the potential loss of revenue for the upcoming year includes several key factors:

1. **Loss of \$400K from a School Site Closure:** If a school site is closed the District loses funding, one site results in a \$400,000 loss in revenue, impacting the budget significantly.
2. **Loss of \$560K in One-Time Funding:** There is a risk of losing \$560,000 in one-time funding, which would have been allocated for specific programs or services, further straining financial resources.
3. **Potential Loss of \$290K from Timber Receipts:** If Congress does not appropriate Timber Receipts, there could be a \$290,000 loss in anticipated revenue, which would affect operational funding.

Together, these losses could create a substantial shortfall, requiring major adjustments to the budget or additional funding sources.

Please feel free to ask questions.

***Mission:** Students are equipped to achieve their dreams and aspirations*

***Vision:** Set a foundation by cultivating experiences for students to develop goals and thrive in an ever-changing world.*



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### **FY 2026 BUDGET PROCESS AND TIMELINE**

**Administrators meet with Staff - Administrators identify priorities/needs**

January 2025 – March 2025

**Business Manager presents projected revenues**

February 2025

**Business Manager Provides Superintendent Update Estimate & Budget Parameters and  
FY 2026 Draft Budget discussed**

February 2025

**FY 2026 1<sup>st</sup> Proposed Budget presented to the Board**

March Board Work session 2025

**Public Budget Hearing** (*The district budget shall be prepared annually from the best possible estimates of revenues and expenditures. The Superintendent or designee shall determine the manner in which the budget shall be prepared and shall schedule the budget adoption process in accordance with legal time requirements. A public hearing shall be held prior to the adoption of the budget or a revised budget.*)

**FY 2026 2<sup>nd</sup> Proposed Budget Presented to the Board**

April Board Work session 2025

**FY 2026 3<sup>rd</sup> (and Final) Proposed Budget Presented to the Board**

May Board Work session 2025

Adoption of Budget May Regular Board Meeting

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