

FAIRBANKS NORTH STAR BOROUGH SCHOOL DISTRICT
BOARD OF EDUCATION
FAIRBANKS, ALASKA

Work Session

MINUTES

February 1, 2016

President Haas called the work session to order at 6:46 p.m. in the board room of the FNSBSD Administrative Center at 520 Fifth Avenue. The work session was called for the administration's presentation of the 2016-17 Proposed Budget to the school board.

President Haas read the district's mission statement: *"Our mission is to provide an excellent, equitable education in a safe, supportive environment so all students will succeed and contribute to a diverse and changing society."*

Present:

Heidi Haas, President
Lisa Gentry, Vice President
Allyson Lambert, Treasurer
Michael O'Brien, Clerk
Wendy Dominique, Member
Sue Hull, Member
Kobe Rizk, Student Representative

Absent:

Sean Rice, Member

Staff Present:

Dr. Karen Gaborik, Superintendent of Schools
Lisa Pearce, Chief Financial Officer
Sandy Kowalski, Assistant Superintendent of Elementary Education
Dan Schmidt, Assistant Superintendent of Secondary Education
Traci Gatewood, Executive Director of Human Resources
Kathie Wassmann, Executive Director of Special Education
Dave Norum, Executive Director of Facilities Maintenance
Janet Cobb, Executive Director of Technology
Melanie Hadaway, Executive Director of Curriculum & Instruction
Sharice Walker, Director of Public Relations
Sharon Tuttle, Executive Assistant to the Board

Administration's Presentation of 2016-2017 Proposed Budget [0:00:41]

Superintendent Dr. Karen Gaborik and Lisa Pearce, chief financial officer, presented the administration's 2016-2017 Proposed Budget. The proposed budget reflected the administration's best effort to present a spending plan that addressed the substantial budget challenges facing the district.

Ms. Pearce's presentation provided the board with:

- Overview of 2015-2016 Approved Budget
 - Budget Cuts of \$8,674,920 (39.4 FTE) or -3.53%
 - Borough Assembly approved additional local contribution of \$4.0 million
- Summary of Spring 2016 Alaska State Legislature activity
- Overview of the Administration's 2016-17 Proposed Budget
 - Governor's Proposed Budget included \$50 increase to the BSA that was passed in HB278 (2014)

Administration’s Presentation of 2016-2017 Proposed Budget (continued)

The district’s proposed budget was based on an estimated revenue of \$209,290,969 in the Operating Fund, an increase of \$3,543,821, or 1.7 percent. The proposed budget was based on a small increase in projected enrollment, as well as an increase of \$50 to the Base Student Allocation (BSA), as presented in Governor Walker’s FY17 Proposed Budget. It also anticipated a small increase in federal impact aid due to a slightly higher number of projected federally connected students. The proposed budget included a slight reduction in fund balance from the prior year allocation required to balance the presented 2016-17 Proposed Budget.

Revenue Outlook

The presentation focused on the district’s Operating Fund. The Operating Fund funding sources were comprised of local, state, and federal revenues, in addition to the use of available fund balance.

Revenue source	2016-17 Proposed Budget	% of Budget
Local Contribution	\$ 55,369,000	26.5%
Other Local Revenues	\$ 1,067,000	0.4%
State Revenues	137,301,353	65.8%
Federal Revenues	13,732,513	6.4%
Use of Fund Balance	1,821,103	0.9%
Total Estimated 2016-17 Revenue	\$ 209,290,969	100.0%

Expenditure Outlook

The goal of the administration in the Proposed Budget was to provide the same or increased level of services for students as existed in the prior year. Administration was also focused on the Strategic Plan adopted by the school board, and how to incorporate its objective into an unknown level of resources. A maintenance level of services budget started with the previous year’s budget with additions and reductions to staffing and other costs based on projected changes in enrollments, benefit costs, negotiated agreements, and other inflationary changes to existing, desired, or mandated programs. Approximately 86.5 percent of the district’s operating budget was allocated toward personnel costs. Negotiated wages, and specifically, increasing health benefit costs made up a substantial portion of the district’s operating fund costs. The 2016-17 Proposed Budget included no step movement, nor any other increase for employee groups. The proposed budget did include an increase of 2 percent in the health insurance contribution rate in anticipation of trend increases.

Expense Object	Operating Fund
Salaries	\$ 110,716,136
Benefits	\$ 70,374,594
Contractual	\$ 17,931,888
Supplies	\$ 8,161,116
Equipment & Other	\$ 2,107,235
	\$ 209,290,969
Personnel	\$ 181,090,730
Non-Personnel	\$ 28,200,239
	\$ 209,290,969

Administration's Presentation of 2016-2017 Proposed Budget (continued)

2016-17 Proposed Budget Overview

- Projected Enrollment – 13,821 (up 161 from FY16)
- Static Local Funding Level (\$55,639,000 + \$1,067,000)
- BSA \$5930 as per Governor's Budget (up \$50 from FY16)
- Increase in Impact Aid based on identified students 2016 Application (estimate 4% increase from FY16)
- Slightly reduced Fund Balance Contribution
- No Current Salary Adjustments
- Increase Health Insurance rate by 2%
- Anticipated Transportation Subsidy
- Unresolved Issues
 - Legislative Outcomes – State Revenue Challenge
 - Local Contribution TBD – Borough Commitment (April/May)
 - FEA, ESSA, FPA Negotiations
 - Transportation Contract (final stage of negotiations)

Dr. Gaborik's presentation included:

- Highlights of the 2016-2017 Proposed Budget
 - Updated Organizational Chart (curriculum, personalized learning, technology, grants)
 - District Vision (new section in budget book)
 - Overview of FY2016-2017 Proposed Budget Adjustments
 - Status quo target class sizes
 - 6 additional teachers to meet increased enrollment needs
 - Funds to lease new teacher laptops
 - 5 school technology specialists to provide direct technology infrastructure and equipment support to buildings
 - 5 certified teachers to support eLearning Labs at each of our high schools
 - 5 ChromeBook carts to support eLearning labs at those high schools
 - 1 technology network manager
 - 4 roving custodians to provide weekend coverage at our schools and to fill custodian vacancies during the week
 - 1 assistant benefit specialist to meet the dramatic increase in employee ADAAA/FMLA and AFLA claims
 - 1 Crisis Prevention Intervention Trainer to meet the legislative requirements of HB44
 - 1 part-time teacher for SMART
 - The reduction of 1 behavior intervention aide at SMART
 - The reduction of 1 project and grounds manager
 - The reduction of 2 instructional technology teachers
 - The reduction of 1 Golden Heart Academy teacher
 - The reduction of 5 RTI transition facilitators
 - Stakeholder Input (Citizen Budget Review Committee (CBRC), school principals, school staff)
 - FY15-16 Approved-Revised Budget Adjustments
 - Partial List of Budget Actions Over Five Years

Administration's Presentation of 2016-2017 Proposed Budget (continued)

Board Questions/Comments

Board member questions and discussions included the timing of working on the budget – whether to begin to consider possible reductions or wait until funding had been determined. Key legislators had been talking that education would not go untouched and board members debated the pros and cons of developing a possible cut list considering the impact on staff, programs, and the community versus waiting until the board had concrete numbers. Board members wanted to be certain the public had time and the opportunity to weigh in regarding possible reductions and suggested holding budget meetings prior to spring break and the budget going to the borough. The district's budget was due to the borough by April 1.

President Haas would work on developing a schedule of board budget work sessions and public hearings.

The meeting adjourned at 8:38 p.m.

Submitted by Sharon Tuttle, executive assistant to the Board of Education