

Mary Wegner
Budget Projection Implication

The budget projection for the Sitka School District started with an examination of the actual enrollment and budget for the 2014-15 school year (FY15). Below is the FY15 enrollment and adjusted Average Daily Membership (ADM) calculation.

Sitka School District
FY15

FOUNDATION FORMULA

Based On Actual From October 2014 Twenty Day Count Enrollment Figures
11/12/2014

Enrollment			
SCHOOL	20 Day Enrollment	FORMULA	ADJUSTED ADM
Baranof Elementary	236.275	$218.10 + (1.08 * (236.275 - 150))$	311.28
Blatchley Middle School	266.35	$326.10 + (.97 * (266.35 - 250))$	341.96
Keet Gooshi Heen Elementary	431.5	$471.60 + (.92 * (431.50 - 400))$	500.58
Sitka High School	343.15	$326.10 + (.97 * (343.15 - 250))$	416.46
	1,277.275		1,570.27
District Cost Factor			1.195
Total After Adjustment for District Cost Factor			1,876.48
Special Needs Factor			1.2
Total After Adjustment for Special Education Factor			2251.77
Vocational Education Factor			1.015
Total After Adjustment for Vocational Education Factor			2,285.55
Special Education Intensive Factor (13* 43)			559
Adjusted Students + Special Education			2,844.55
Correspondence (37.25* .90)			33.525
Total District Adjusted ADM			2,878.07
Base Student Allocation Value			5830
Basic Need			\$16,779,157.42
Required Local Effort (.00265 mills * 1,162,987,200)			\$3,081,916.08
Estimated Impact Aid Received			\$11,686
Impact Aid Percentage (\$3,081,916/\$5,093,762)			60.50%
Deductible Impact Aid (((\$11,686 * .90) * .4384)			\$6,363.42
Regular State Aid FY 14 Basic Need -Required Local Effort-Deductible Impact Aid			\$13,690,877.92

In addition to the Basic Need identified noted above, the budget includes a City of Sitka appropriation above the Required Local Effort, misc. local revenue (e.g., facility use fees), Quality Schools grant, one-time funding from the state, E-Rate, Impact Aide, Fund Balance transfers, and Secure Rural Schools (if funded) that totals \$6,921,448, which makes the final budget for FY15 \$20,612,326.

The adopted budget for FY15 breaks down as follows:

Salaries and Benefits	\$16,445,227	Prof/Technical and	\$150,400
Maintenance	\$1,719,543	Contracted Services	
School/Program	\$772,123	School Board	\$57,100
District Administration	\$534,800	Student Activities	\$117,582
Technology	\$427,200	Transfers Out	\$0

Projection for FY 16

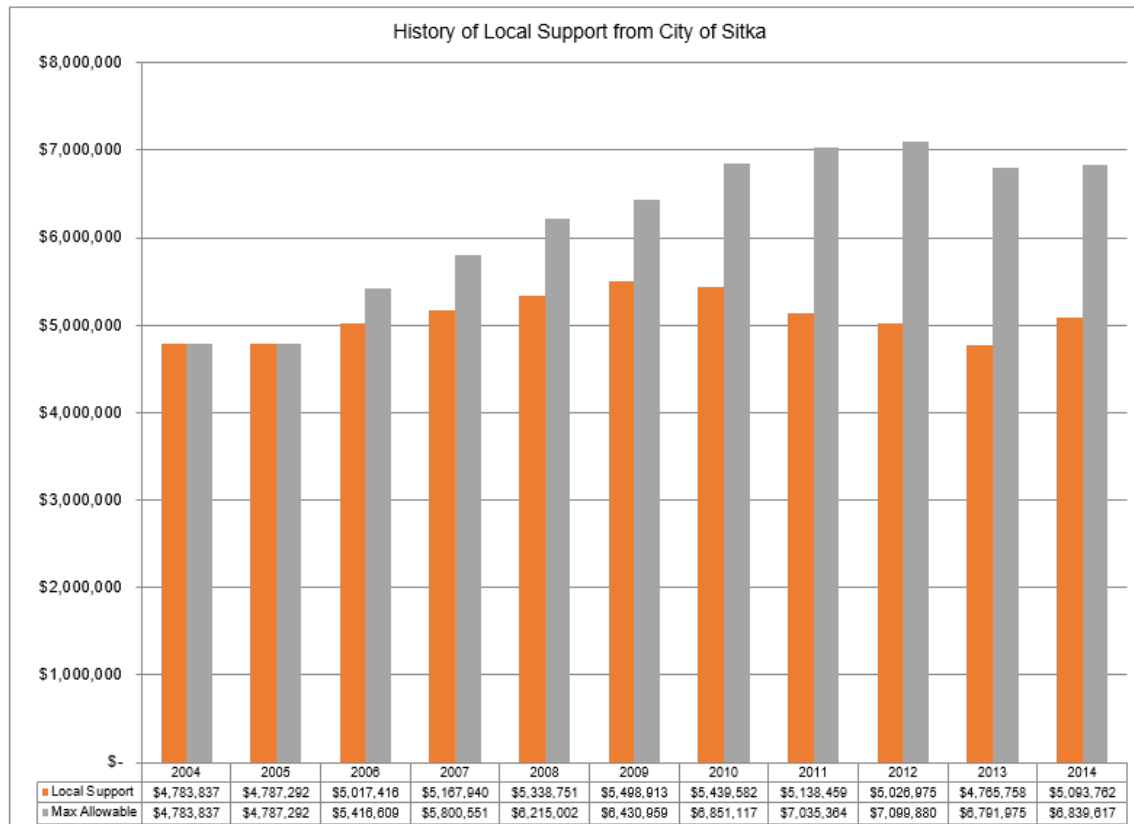
The Sitka School District submitted to the Alaska Department of Education and Early Development (EED) the following enrollment projection for the 2015-16 school year (FY16):

PROJECTED FY2016				
School / Attendance Center:	A	B	A + B	C
	Average Daily Membership [ADM]		K-6 PLUS 7-12	Special Ed.
	K-6	7-12	TOTAL	Intensive
SITKA				
Baranof Elementary School	226.00		226.00	9.00
Blatchely Jr High School	85.00	180.00	265.00	9.00
Sitka High School		350.00	350.00	7.00
Keet Gooshi Heen Elementary School	405.00		405.00	14.00
Pacific Alternative		35.00	35.00	0.00
TOTAL	716.00	565.00	1,281.00	39.00

Enter
Total of
Corresp.
ADM
only

30

The projected budget for FY16 is based on the above enrollment numbers and assumes that no major changes are made to the state requirements for local contributions. Please note that this projected budget may not become reality given the recent court ruling on the Ketchikan lawsuit that ruled it was unconstitutional to require local municipalities to contribute to the public school in their area; however, the recent ruling is still in the court system. Additionally, the City of Sitka currently funds over the Required Local Effort, which means there is a history of funding the school district above what is required by law. Below is an historical perspective of the city contributions to the school district budget.



The projected Alaska Foundation Formula calculation for the 2015-16 school year (FY16) is as follows:

**Sitka School District
FY16**

FOUNDATION FORMULA

Projected Enrollment for the October 2016 Twenty Day Count

Enrollment			
SCHOOL	20 Day Enrollment	FORMULA	ADJUSTED ADM
Baranof Elementary	226	$218.10 + (1.08 * (226 - 150))$	300.18
Blatchley Middle School	265	$326.10 + (.97 * (265 - 250))$	340.65
Keet Gooshi Heen Elementary	440	$471.60 + (.92 * (440 - 400))$	508.40
Sitka High School	350	$326.10 + (.97 * (350 - 250))$	423.10
	1,281.000		1,572.33
District Cost Factor			1.195
Total After Adjustment for District Cost Factor			1,878.93
Special Needs Factor			1.2
Total After Adjustment for Special Education Factor			2254.72
Vocational Education Factor			1.015
Total After Adjustment for Vocational Education Factor			2,288.54
Special Education Intensive Factor (13* 39)			507
Adjusted Students + Special Education			2,795.54
Correspondence (30* .90)			27
Total District Adjusted ADM			2,822.54
Base Student Allocation Value			5880
Basic Need			\$16,596,547.19
Required Local Effort (.00265 mills * 1,197,790,200)			\$3,174,144.03
Estimated Impact Aid Received			\$11,686
Impact Aid Percentage	\$3,081,916/\$5,093,762		62.31%
Deductible Impact Aid	$((\$11,686 * .90) * .4384)$		\$6,553.85
Regular State Aid FY 14	Basic Need -Required Local Effort-Deductible Impact Aid		\$13,415,849.31

*Note: Pacific High School is an alternative school and the projected enrollment is added to our largest school, Keet Gooshi Heen Elementary School.

Projected FY16 Budget and Budget Deficit

In addition to the Basic Need identified noted above, the budget projection includes the same additional budget elements as the FY15 budget, which totals \$6,921,448 and makes the final projected budget for FY16 \$20,337,297. Assuming that all of the elements of the FY15 budget remain in the FY16 projected budget, the difference between FY15's budget and FY16's projected budget is a \$275,029 deficit.

The proposed FY16 budget does include one-time funds from the state, which is anything but certain given the current price of oil and the composition of the elected officials. However, the Sitka School District is experiencing a reality, as is every other district in the state, that the FY16 Base Student Allocation (BSA) established during the 2014 legislative session will only nominally increase the FY16 budget - approximately \$20,000 for Sitka. School districts around the state are facing dire financial situations with the expected loss of one-time funds from the state, which equated to about \$500,000 in FY15 for Sitka. The pressure will be real and intense to either modify the proposed FY16 BSA previously established or find a way to provide one-time funds while the legislative school budget study is in process. Consequently, the proposed FY16 budget assumes some additional funding from the state.

The projected enrollment for FY16 is based on a cautious premise of a fairly stable enrollment. The actual enrollment for FY15 is down 23 students from FY14; however, until this year enrollment had been increasing at a factor of 1.02. The decline this year reduced the factor to 1.01, which indicates a fairly stable but declining enrollment. Historically, the school board sets the projected enrollment lower than the expected actual enrollment (e.g., FY15 budget was based on an enrollment of 1,300 even though the actual enrollment for FY14 was 1338; actual FY15 enrollment is 1,315). Consequently, the projected enrollment sent to EED for FY16 of 1,311 is down 4 students from FY15 actual enrollment, and the school board may set the enrollment figure for the FY16 budget at a number lower than what was sent to EED to build the budget that EED will request from the legislature.

The FY16 contracted agreements for salary and benefit increases is expected to be about \$1.7 million, which combined with the deficit of \$275,029 brings the total projected budget deficit for FY16 to just under \$2 million. As noted previously, the City of Sitka funds above the Required Local Effort and yet under the maximum cap that it could fund the district. In previous years, the city did fund the district to the cap, and there has been talk in recent years amongst the school board and assembly to invest in our public schools at a level that is at or near the cap. The homeowners of the City of Sitka have enjoyed a millage rate that is if not the lowest in the state a very low rate compared to other municipalities. Additionally, the city has a Fund Balance of approximately \$10 million, and last year added approximately \$1 million to their reserves. Currently, the city underfunds the district by \$1.7 million from the maximum cap it could fund.

Implications for Staffing and Programs

The district budget is minimal in all areas other than staffing, as it has been the long-held community value that small class sizes should be the primary budget consideration followed by a rich array of elective offerings especially in the areas of the Arts and Career and Technical Education (CTE). Below is the data regarding the average class size in the Sitka School District and the allocation of elective and non-special education related specialists in the district.

Grade(s)	Average Class Size in FY15 Budget	Non-Special Ed/Non-Core Class Teachers
Kindergarten	18	.5 Music, PE, 2 Reading, and .75 Counselor
1 st grade	17	
2 nd grade	19	1.25 Music, PE, 2 Reading, 1.25 Counselors, Science Enrichment/Gifted and Talented, and Librarian
3 rd grade	20	
4 th grade	22	
5 th grade	23	
6 th grade	22	Music, Art, 2 PE, Reading, Counselor, .25 Gifted and Talented, Librarian, .25 Tlingit Language, Woodshop, and Technology
7 th grade	21	
8 th grade	24	
SHS 9 th -12 th grade	19	Music, Art, PE, 2 Counselors, Librarian, Woodshop, Metals/Motors, Health, Technology, Spanish, and Raven's Way Drug/Alcohol Treatment Center
PHS 9 th -12 th grade	12	None – Culture, PE, Small Business, and other specialties met in other ways than a dedicated teacher

If the city does not decide to fund at or much closer to the cap, then the district must cut the projected budget deficit of nearly \$2 million dollars. There are only minor cuts that can be made to the budget areas other than staffing. One such possible cut would be a reduction of approximately \$75,000 to the School/Program budgets to reflect a change in the past few years to have the district Technology budget cover the costs of computers, printers, and copiers that used to be paid for from the School/Program line item. This was done to provide a more stable learning environment for the schools and to reduce costs by consolidating purchases. Consequently the schools are no longer using all of their previously allocated funds, and some could be recouped without negatively impacting a school's activities. That being said, this reduction would not be significant enough to seriously help close the nearly \$2 million proposed budget deficit. Similarly, although there has been a slight decrease in enrollment in FY15, reducing the FY16 budget by 1 or 2 teachers in accordance with the reduction in student enrollment is insufficient to be a contributing factor in closing the significant proposed budget deficit. Therefore, a process to re-examine our focus on small class sizes and a wide array of electives must be considered.

A possible way to realize a significant reduction to the FY16 budget would be to increase class sizes by reducing a teacher at each of the grade levels at all schools except the alternative high school, as they only currently have a total of 3 teachers. Following this logic, other than a few problematic grade levels, there could still be class sizes that are below class sizes commonly found around the nation. This would still provide a safe and effective learning environment for our students even though it fundamentally alters a long-held community value. Additionally, by moving elective positions from full-time to where a position is shared between buildings is a way to maintain a wide variety of electives without gutting an entire program. The following staffing reductions coupled with other reductions to items such as the School/Program budget discussed previously, could get very close to if not close the budget deficit.

Grade(s)	Average Class Size in FY16 Budget that Realizes a Reduction of 1 Teacher per Grade Level	Non-Special Education/Non-Core Class Teachers/Staff Positions Eliminated
Kindergarten	22	.25 Building Secretary, .25 Music, and .5 Reading
1 st grade	20	
2 nd grade	23	.5 Building Secretary, Science Enrichment/Gifted and Talented, and .5 Reading
3 rd grade	25	
4 th grade	29	
5 th grade	31	
6 th grade	29	.5 Building Secretary, .5 Technology, and .25 Gifted and Talented
7 th grade	28	
8 th grade	32	
SHS 9 th -12 th grade	24	.5 Building Secretary, .5 Technology, and .5 CTE (Woodshop/Metals/Health)
PHS 9 th -12 th grade	18 (only a .25 reduction)	.25 Building Secretary
District Office	N/A	.5 Business Office
Maintenance	N/A	.5 Maintenance Staff

If a plan such as this were implemented, there would need to be a focus on professional development for teachers to help them navigate the differences in class-sizes, and the loss of electives could mean that non-specialized teachers may teach elective classes, which would also require professional development and re-training. Additionally, some office practices would need to be examined and streamlined to ensure that schools continue to function even with the reduced office support.

Implications for Facilities

Every school in the Sitka School District currently uses every classroom and learning space leaving no unused areas and a high demand for more space ever present. The reduction in teachers would allow for more spaces for smaller groups of students to work on projects or whole classrooms to use when specific types of activities require specialized spaces (e.g., art rooms at the elementary schools instead of doing art in the classroom environment on student desks). Likely, there would be no reduction in wear and tear on our buildings, and a reduced Maintenance staff might mean there will be deferred maintenance that does not get attended to in a timely manner. Our classrooms were built for the smaller class sizes, which means there could be safety issues that arise with more students in classrooms and less staff in front offices combined with more crowded classrooms sending more students to the office for administrative intervention.

The available classrooms may also spur creative thinking about how students move from classroom to classroom and school to school. For example, we currently have a school for students in grades Kindergarten (K) and 1st, and then students transition to a new school for grades 2nd thru 5th, and then again for grades 6th through 8th. It might be that the smaller K-1 school becomes a K-8 alternative school, and the two elementary schools collapse into one. As spaces change their current purpose, however, there is a need to re-configure the learning spaces and often additional equipment/resources are needed to take full advantage of any new benefit resulting from the change in facility use.

Potential Reaction to Implications

Regardless of whether additional resources come in from the City of Sitka or State of Alaska or if a significant reduction in staff is required to balance the FY16 budget, communication and collaborative thinking must be the hallmark of the upcoming budget process. A proposed budget deficit of nearly \$2 million dollars in a \$20 million dollar budget is significant. At every level, students to families to community members to teachers and staff to administrators to district and city leadership, will rally against the cuts that hit at the core of the community's values of small class sizes and elective offerings. The reaction will be emotional, and the loss of professional capital if we do lose the positions will be felt in the near and long terms. If the cuts are real, it would be very difficult for the city to stand back and not attempt to find at least some additional revenues for the school district so as not to fundamentally alter core community values. The school board members will be actively advocating and seeking solutions to increase both city and state revenues.

The outcry will be loud, and calls will be made to cut/slash all non-staffing budgets, especially technology and administration and specifically the district office. If the city decides to put a millage rate increase before voters as a way to increase the city's contribution to the school district, it will draw negative feelings towards the district, which currently and historically experiences the opposite. The only real hope of weathering the storm as a new superintendent is to provide clear, concise, and accurate information without exception, and to engage people in discussion to find the best solution.

Teachers, already overwhelmed with all of the new state and federal mandates (e.g., new math standards, new math instructional materials, new ELA standards, to ELA instructional materials, new teacher evaluation process, new online testing, etc.) will find they have even less time than they do now when they have higher class sizes and more preps at the secondary levels. It is unclear how adequate time could be dedicated to the necessary professional development. If the cuts were realized, our schools would not reflect the values of the community of Sitka, and it is unclear how additional significant cuts in the future would be received. Many families report staying in Sitka because of the small class sizes and focus on the Arts. If we lost those features, we may lose many Sitkans.