



**MATANUSKA  
SUSITNA**  
BOROUGH SCHOOL  
DISTRICT

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**FY2020**

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**PRELIMINARY  
BUDGET**

*We prepare all students for success*

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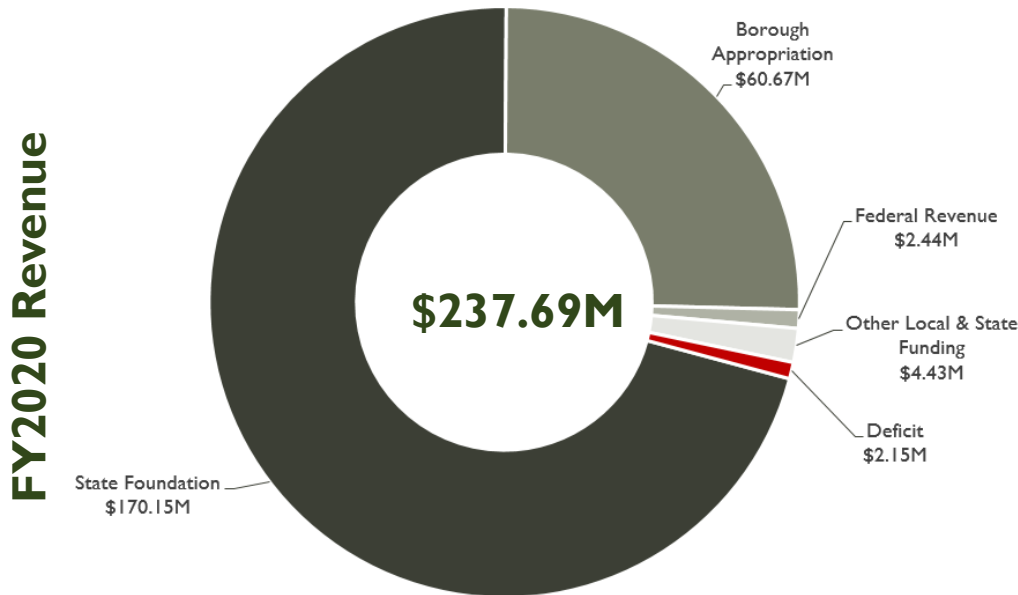
# FY2020 PRELIMINARY BUDGET



## FY2019 PRELIMINARY BUDGET HIGHLIGHTS

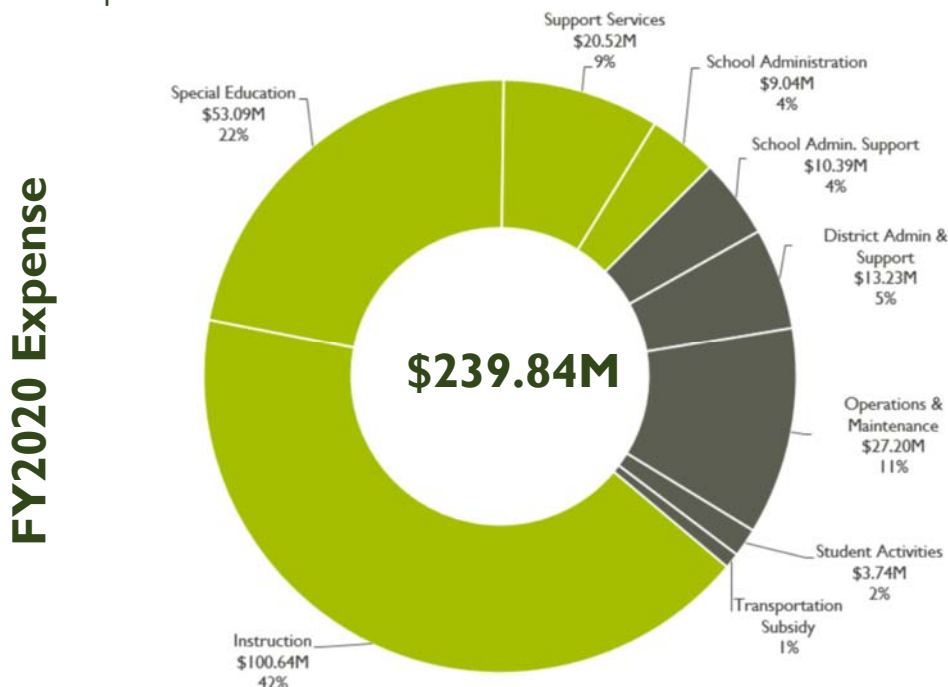
### Revenue

The District's FY2020 preliminary revenue, excluding State on-behalf contributions, totals \$237.69 million. Revenue assumptions include the Borough appropriation increasing to \$60.67 million and no increase to the State's base student allocation (BSA) resulting in State Foundation revenue in the amount of \$170.15 million. State funding also includes a one-time grant of \$3.98 million. The District is facing a revenue short-fall, or deficit, of \$2.15 million.



### Expense

FY2020's expenses are projected to increase from the prior fiscal year by \$2.38 million, or 1%. The largest increase in expense is in personnel costs, including salaries and anticipated health insurance increases.



**MSBSD is dependent on funding from the State of Alaska & the Matanuska-Susitna Borough. For the FY2020 Preliminary Budget:**

- The State of Alaska contributes 73%
- Mat-Su Borough contributes 26%

The District strives to prepare all students for success and has dedicated 77% of the operating budget to instructional expenses, as represented in the chart to the left (instructional expenses are indicated in green; non-instructional expenses are indicated in gray).



# FY2020 PRELIMINARY BUDGET

## FY2020 PRELIMINARY BUDGET HIGHLIGHTS

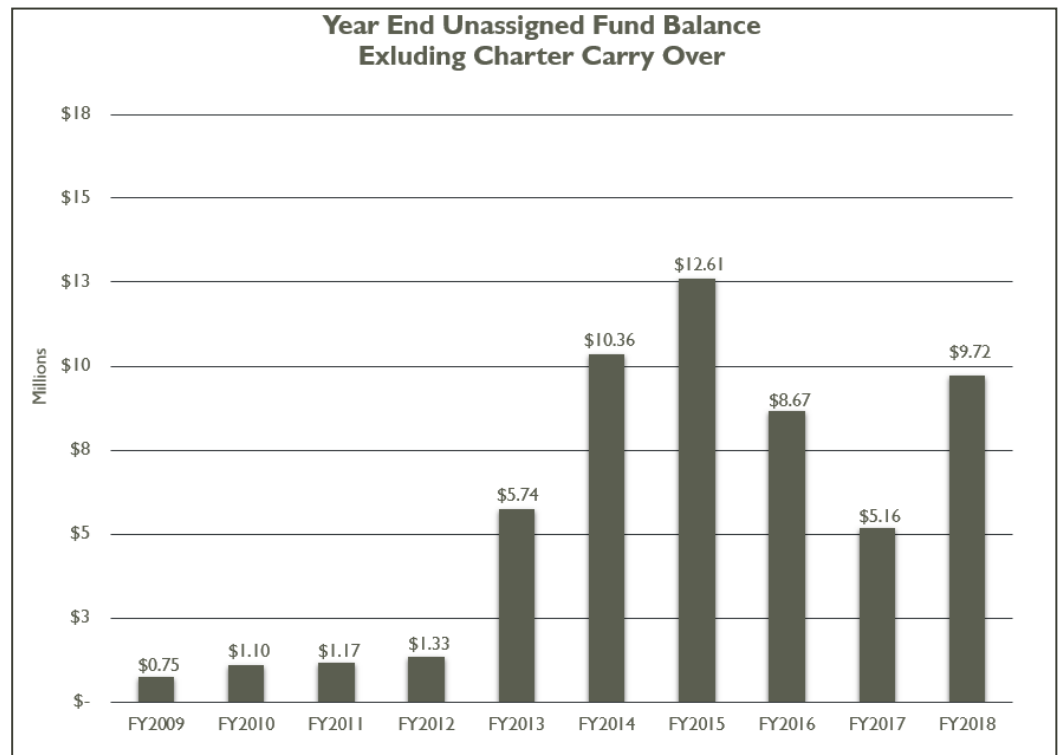
### The Deficit and Use of Fund Balance

MSBSD's budget is:

- A spending plan reflective of the District's priorities.
- A communication tool used to share these priorities with the community.
- Fluid—It can be changed or updated as new information becomes available.

	FY2019 Revised Budget	FY2020 Preliminary Budget	% Change
<b>Revenue</b>			
Borough Appropriation	58,374,918	60,665,932	3.92%
Other Local Funding	455,000	455,000	0.00%
State Foundation	172,784,962	174,127,551	0.78%
Federal Grants	2,330,741	2,440,165	4.69%
<b>Total Revenue</b>	<b>233,945,621</b>	<b>237,688,648</b>	<b>1.60%</b>
<b>Expense</b>			
Salaries & Benefits	190,165,538	198,363,235	4.31%
Non-Personnel (Discretionary)	29,769,085	23,172,564	-22.16%
Utilities	9,675,910	10,173,028	5.14%
Contracts (District Managed)	7,849,756	8,134,403	3.63%
<b>Total Expense</b>	<b>237,460,289</b>	<b>239,843,230</b>	<b>1.00%</b>
<b>Total Shortfall (Deficit)</b>	<b>(3,514,668)</b>	<b>(2,154,582)</b>	

Expected revenues for both the current year and FY2020 fall short of the total expected expenditures, resulting in deficits. To balance the current year's Operating Budget, the School Board budgeted a combination of restricted and unassigned fund balance for charter schools in the amount of \$3.51 million. Fund balance, comparable to a savings account, is the year end difference between a fund's assets and its liabilities. The table below represents a history of the District's unassigned fund balance excluding charter school carry over.



# FY2020 PRELIMINARY BUDGET

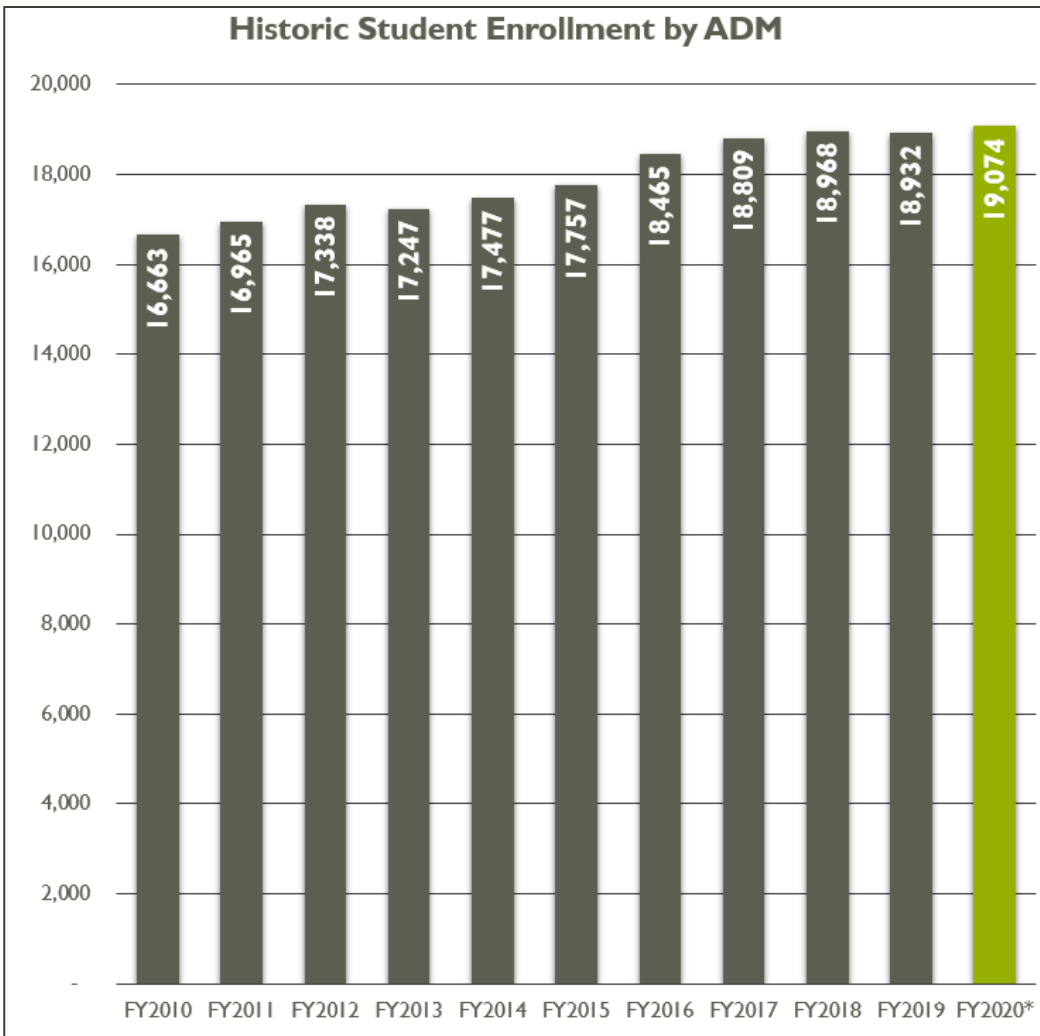


## BUDGET DEVELOPMENT

### Enrollment

Student enrollment plays a pivotal role in both the District’s revenue determination and expense allocations. The State’s Foundation Formula provides revenue on a per-student basis. In the budget development process, the District utilizes ratios and metrics for both personnel and non-personnel costs. Discretionary budgets are allocated to each school based on the number of students enrolled.

The District is projecting an increase of 142 students over the current year, an increase of 0.75%. While the District is still growing, the rate of growth is slowing as depicted below.



With such a large portion of the budget dependent upon enrollment, it is vital that an accurate projection is created for the upcoming year. In order to achieve this, the District applies a modified two-year cohort survival analysis to the current year’s enrollment numbers. This methodology has allowed MSBSD to project student enrollment for the past 15 years, within an acceptable margin of error of 0.73%.

### MSBSD...

- Is the second largest school district in the State.
- Is the fastest growing school district in the State.
- The only district to experience consistent growth over the last 40 years.

### FY2020 Projected

Pre-School	113
Kindergarten	1,562
1st Grade	1,503
2nd Grade	1,410
3rd Grade	1,396
4th Grade	1,543
5th Grade	1,488
<b>Elementary School</b>	<b>9,015</b>
6th Grade	1,492
7th Grade	1,527
8th Grade	1,509
<b>Middle School</b>	<b>4,528</b>
9th Grade	1,464
10th Grade	1,436
11th Grade	1,288
12th Grade	1,343
<b>High School</b>	<b>5,531</b>
<b>Total Enrollment</b>	<b>19,074</b>



# FY2020 PRELIMINARY BUDGET

## BUDGET DEVELOPMENT

### BUDGET TIMELINE

#### ONGOING

*School Board monitors & adjusts the budget.*



#### FALL

*Student count period occurs.*

*Next year projected enrollment calculated.*



#### WINTER

*Schools & departments submit next year budget requests.*

*Input is solicited from the community and employees.  
Preliminary Budget is presented.*



#### SPRING

*Preliminary Budget is adopted & submitted to the Borough.*

*Revenues are finalized by the Borough & State.*



#### SUMMER

*Final Budget is approved by the School Board.*



#### JULY 1

*Fiscal year begins.*

MSBSD's mission is to *prepare all students for success*. A simple declaration with an ambitious charge, the District utilizes a budgeting model that ensures "funding follows the students."

Using various assumptions, the District works through the budget timeline (see left) to adopt a budget for the upcoming fiscal year. Throughout the budget process, public input, resource requests, and current and future contract obligations are used to establish educational and budgetary priorities for the proposed budget.

### Budget Survey

Public input is sought through an online budget survey. Respondents are asked to provide input and rank the priority of various programs and initiatives. The FY2020 survey is available at [www.matsuk12.us/budget](http://www.matsuk12.us/budget) throughout February. All survey responses are shared with the School Board.

### Budget Open Houses and Facebook Event

The open houses feature the FY2020 budget, enrollment, class size, District financials, long-term forecast. District administration is also available at the open houses to take questions from the public. This year, to reach a broader audience, the final open house will be presented via Facebook by the District's Superintendent.

The Board will not vote to adopt a budget until the public hearing process has concluded. To keep the public informed and facilitate transparency, the proposed budget, all budget presentations, and historic budget documents are all posted on MSBSD's [website](#).

**MONDAY (2/11) BURCHELL HIGH SCHOOL**  
**TUESDAY (2/12) PIONEER PEAK ELEM.**

6:30 TO 8:30 PM

Walkthrough Presentations  
& Q&A with Administration

**FACEBOOK EVENT**  
**WEDNESDAY (2/13)**

5:30 PM

# FY2020 PRELIMINARY BUDGET



## STAKEHOLDER INVOLVEMENT

MSBSD's stakeholders include, but are not limited to, parents, students, employees, and community members. Stakeholder involvement is crucial to the District's budget development process. Each stakeholder has a role to play in the budget development process in order to ensure the best use of public funds and the greatest outcome for all students.

### The School Board

- Holds bi-monthly meetings that include opportunities for the public to provide input through public testimony on the budget.
- Receives monthly updates and reports regarding the current budget and the development of next year's budget.

### Business Services

- Monitors and adjusts the current budget to align with actual spending needs throughout the year.
- Compares the current budget to prior year actuals, analyzing trends and spending patterns.
- Gathers information on known rate increases, negotiated agreements, purchased services, insurance, utilities, benefit costs, etc.

### Parents, Employees, Students, and Community Members are Encouraged to

- Attend one of six public hearings held for input at bi-monthly School Board meetings.
- Attend one of three Budget Open Houses held throughout the District. (This includes the Facebook session with the Superintendent.)
- Complete the online survey to provide input on educational priorities and concerns.
- Contact your elected officials to communicate your priorities concerning education and adequate funding levels.

**Visit:**  
[www.matsuk12.us/budget](http://www.matsuk12.us/budget)  
**To complete the budget survey.**

## VISION

Mat-Su School District will be a model of excellence in teaching, learning, and engaging all students.

## MISSION

Mat-Su School District prepares all students for success.

## BELIEFS

We believe that the needs and best interests of students drive all decisions. All students can and want to learn. Educational choices and community participation are essential to student success.



# FY2020 PRELIMINARY BUDGET

**MSBSD receives the majority of its funding (73%) through the State Foundation Formula Program.**

The State Foundation Formula was enacted in FY1999, and has seen many changes.

Any changes to the Formula are written into State law.

The Formula can be found in:

**AS 14.17.410-490**

## WHERE DOES MSBSD RECEIVE ITS FUNDING?

The District is primarily dependent upon funding from the State of Alaska and the Matanuska-Susitna Borough. Approximately 99% of the District's funding is generated from these two governmental sources. Revenues are classified based on the following major categories:

### State Foundation Formula

- Funding is received from the State on a per-student basis. The formula provides for an Adjusted Average Daily Membership (AADM) that is then multiplied by the Base Student Allocation (BSA) to arrive at Basic Need. Basic Need is the minimum funding amount that the District needs to operate, as per the State Foundation Formula Program.

### State On-Behalf Retirement Contributions

- State funding allocated to offset the unfunded pension obligations for the State's public retirement system. The State requires districts to record the revenue and the expense for these payments. The accounting adjustment is cost neutral, and, as such, the category has been excluded from this document.

### Borough Appropriation

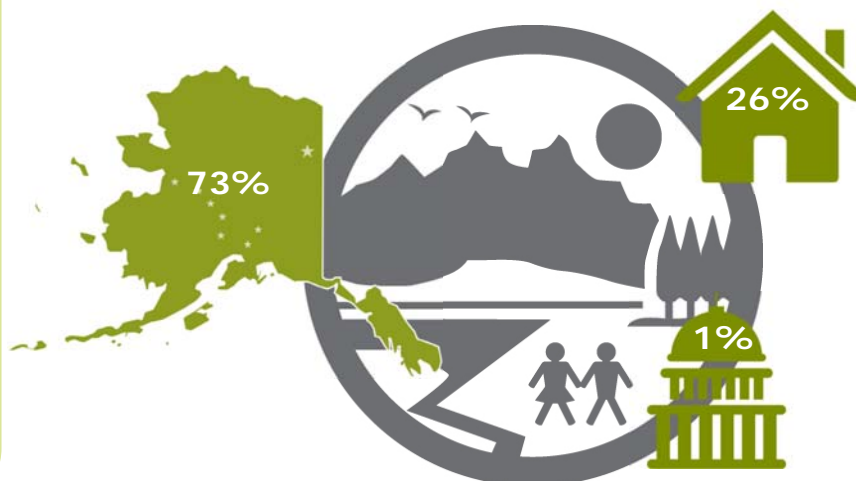
- Local funding appropriated by the Borough to the School District. The Minimum Required and Maximum Allowable amounts are set forth by the State Foundation Formula.

### Other Local Funding

- Generally includes school fees and other school-generated funds.

### Federal Funding

- Funding received from the Federal Government for federally mandated programs such as E-Rate and Medicaid eligible services.





# FY2020 PRELIMINARY BUDGET



## A CLOSER LOOK AT FUNDING EDUCATION LOCALLY

### Borough Appropriation

The District is a component unit of the Matanuska-Susitna Borough. The Borough is dependent upon area-wide revenue, such as property taxes, to finance its operations and current debt obligations. The Borough levies property tax on real and personal property and with these funds supports approximately 26% of the District's General Fund revenues.

The District has worked with the Borough over the last several years to raise the local contribution to more closely align with the funding levels experienced by the other large school districts in the State. When ranked by size, the five largest school districts in the state are: Anchorage, Matanuska-Susitna, Fairbanks North Star, Kenai Peninsula, and Juneau.

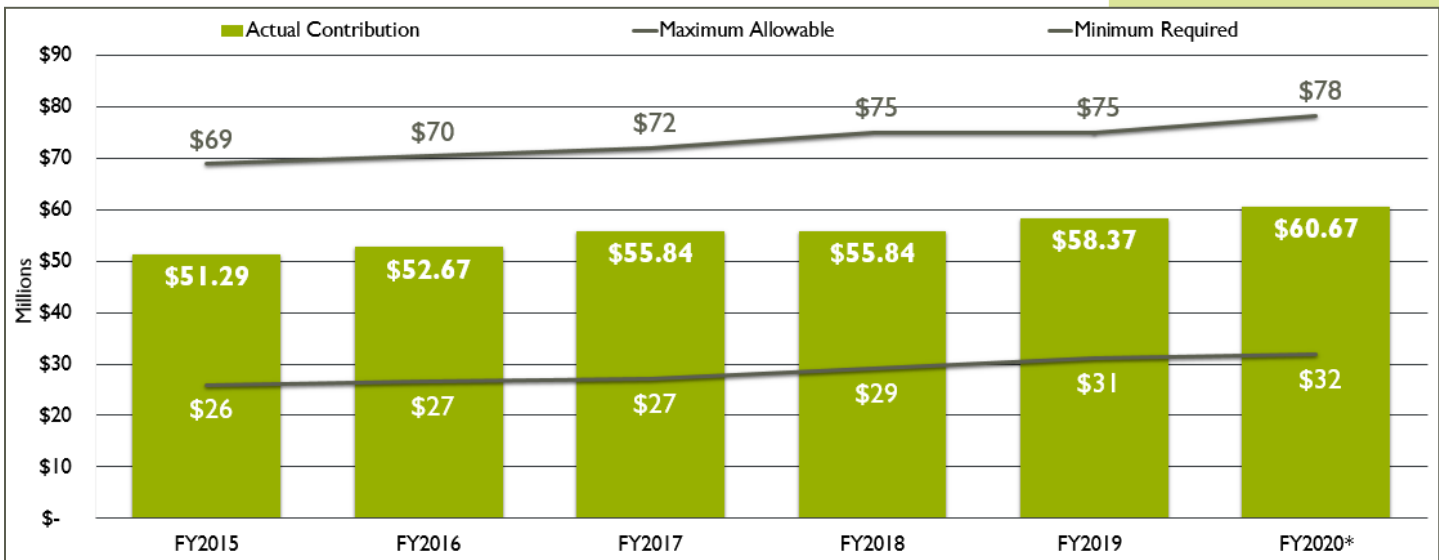
Last year the Borough adopted Ordinance 18-014, which tied the local education contribution directly to the amount of taxes collected. For FY2020, 6.3 mills of the Borough's areawide taxable assessed value represents \$60,665,932, a 3.95% increase over FY2019's contribution.

MSBSD covers the same geographic area as the Matanuska-Susitna Borough.

The Borough is home to over 100,000 people.

The Borough encompasses 24,502 miles, making it about the same size as West Virginia.

The School District has no taxing authority to raise revenue.

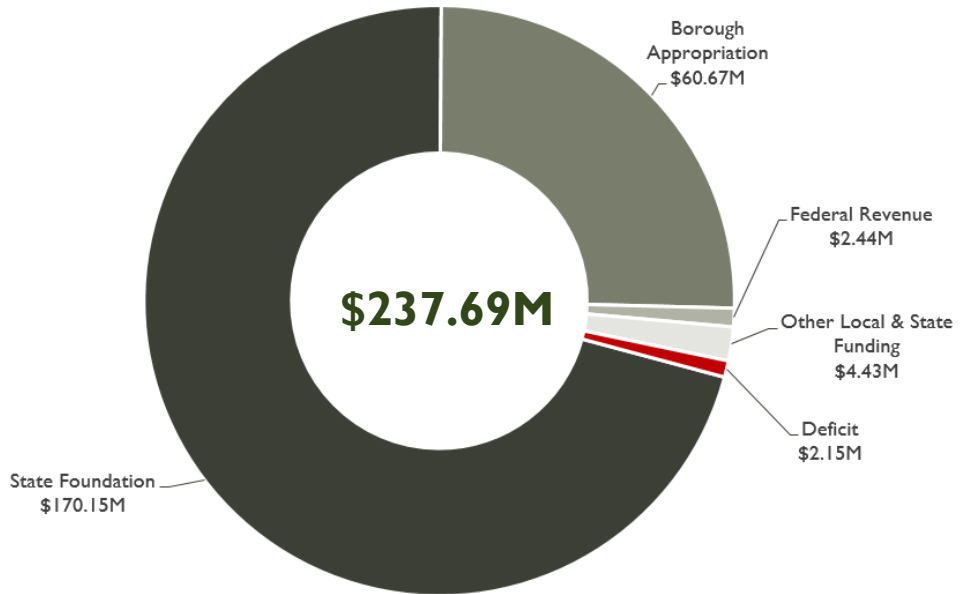


	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020*
Actual % of Maximum	74%	75%	78%	74%	78%	78%
<b>Maximum Allowable</b>	<b>\$ 68,958,493</b>	<b>\$ 70,427,904</b>	<b>\$ 72,046,766</b>	<b>\$ 75,025,466</b>	<b>\$ 75,025,466</b>	<b>\$ 78,249,843</b>
<b>Actual Contribution</b>	<b>\$ 51,291,720</b>	<b>\$ 52,665,941</b>	<b>\$ 55,841,300</b>	<b>\$ 55,841,300</b>	<b>\$ 58,374,918</b>	<b>\$ 60,665,932</b>
<b>Minimum Required</b>	<b>\$ 25,982,579</b>	<b>\$ 26,670,537</b>	<b>\$ 27,211,000</b>	<b>\$ 29,112,441</b>	<b>\$ 31,044,783</b>	<b>\$ 31,902,441</b>
Enrollment	17,757	18,465	18,809	18,968	18,932	19,074
<b>Actual Per Student</b>	<b>\$ 2,888</b>	<b>\$ 2,852</b>	<b>\$ 2,969</b>	<b>\$ 2,944</b>	<b>\$ 3,083</b>	<b>\$ 3,181</b>



# FY2020 PRELIMINARY BUDGET

A balanced budget requires both the revenues and expenses to equal the same amount.

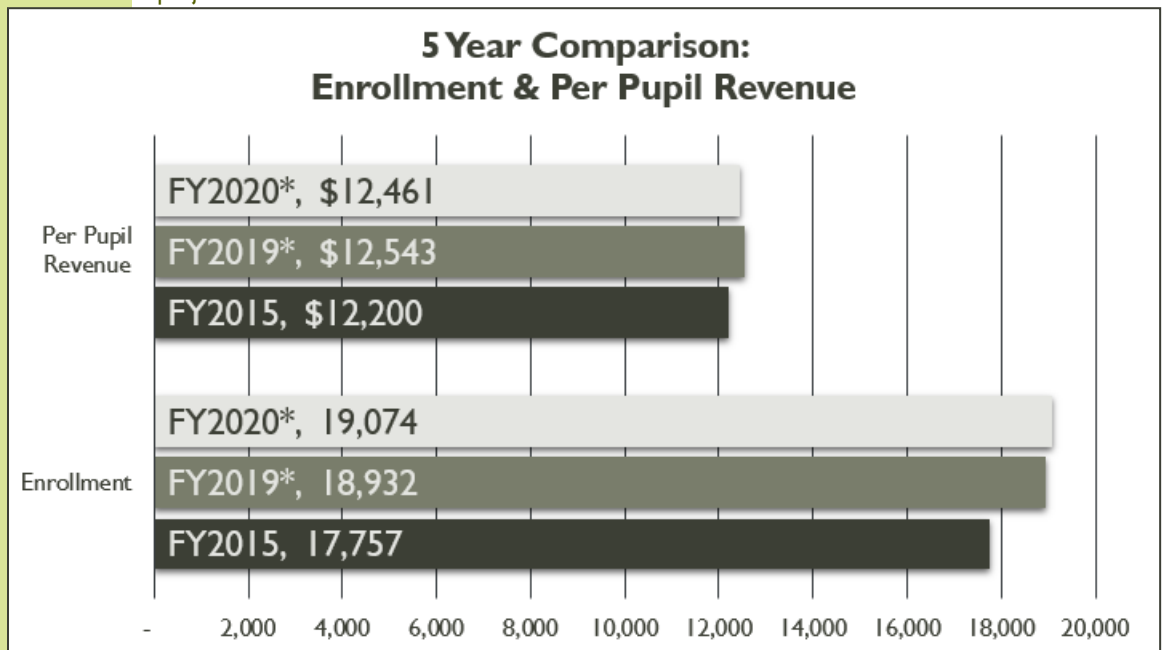


Actual revenue for the Operating Fund is determined towards the end of the budget process, as the State Legislature generally adjourns in April and the Borough adopts its budget in May. While this preliminary budget does not balance, the Adopted Preliminary Budget presented to the Borough in March *must* be balanced.

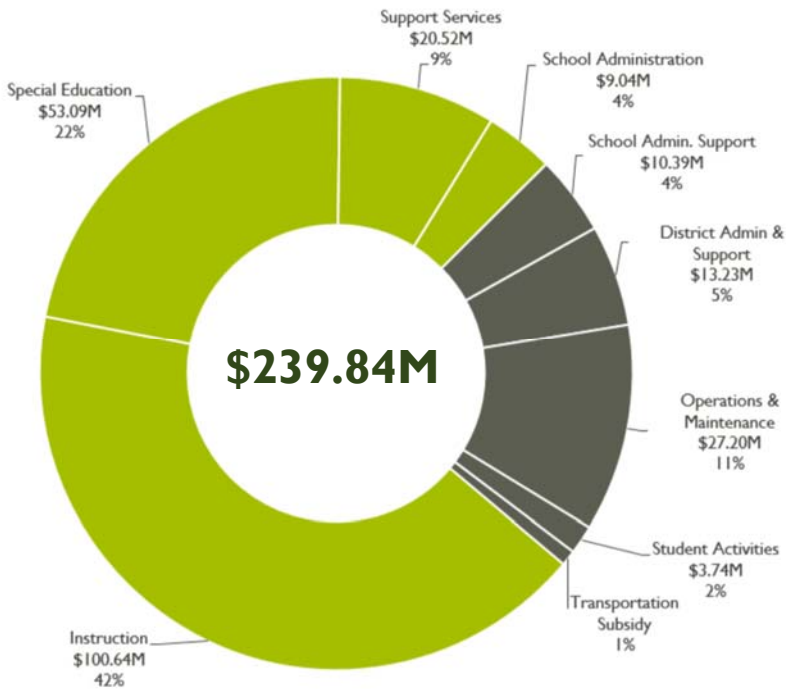
In order to balance the District's budget, several assumptions will need to be made prior to knowing actual revenue. In this preliminary budget, the following assumptions are utilized based on the Governor's budget and direction from the School Board:

- No increase to the State Base Student Allocation (BSA)
- One-time grant of \$3.98M is maintained.
- 3.95% increase to the Borough Appropriation

\*Amounts are projected.



# FY2020 PRELIMINARY BUDGET

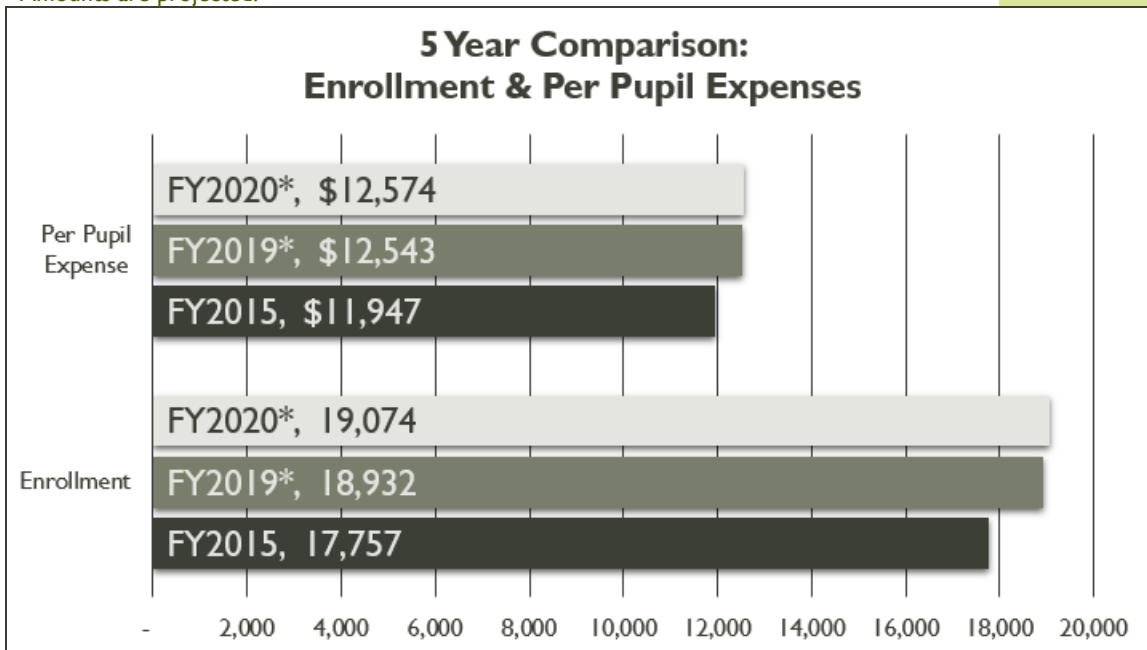


## FY2020 Expense

Prior to 2016, ASI 4.17.520 stated, “A district shall budget for and spend a minimum of 70% of school operating expenditures in each fiscal year on the instructional component of the district budget.”

The chart above details MSBSD’s FY2020 expense budget by State required functions. Functions are the major categories, programs, and services provided by the District. The State uses functions to determine which expenses are used for instructional purposes (shown above in green) vs. instructional support (shown above in gray). This budget has dedicated 77% of the operating budget to instructional expenses

\*Amounts are projected.





# FY2020 PRELIMINARY BUDGET

MSBSD is comprised of 47 schools:

- 17 Elementary (grades K-5)
- 5 Middle (grades 6-8)
- 6 High (grades 9-12)
- 7 Small Attendance Area (grades K-12)
- 5 Alternative (grades K-12)
- 1 Correspondence (grades K-12)
- 6 Charter schools, including:
  - Correspondence
  - Spanish Immersion
  - Waldorf

## TYPES OF EXPENSE

MSBSD has categorized its expenses into four 'Types':

### Personnel

Salaries & benefits (total employee compensation). This represents the largest operating expense.

### Discretionary

Funds utilized for non-personnel expenses such as supplies and materials, paper products, custodial supplies, postage, professional and technical services including service-related contracts, staff and student travel, etc. School non-personnel funds are allocated on a per-student basis at each site and are spent at the site's discretion.

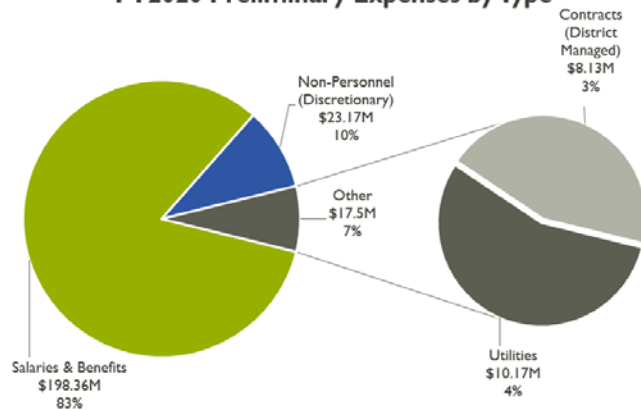
### Utilities

Expenses for energy, communications, garbage, water, and sewer.

### Contracts (District Managed)

Expenses coded to specific school sites that fall outside of the school's control, such as snow plowing, septic pumping, printing expenses, lease or rental agreements, and other district-wide contracts.

FY2020 Preliminary Expenses by Type



### Personnel Expenses

The majority of all expenses are dedicated to salaries and benefits, making MSBSD a human resource organization. In FY2020, 83%, or \$198.36 million, of the District's total preliminary operating budget is dedicated to salaries and benefits. This represents an expense increase of 4% in this area over the current year. Salary levels are set by negotiated agreements with union groups. This area of the budget continues to increase for several reasons:

- Increases in employee full time equivalents (FTE) to maintain class sizes and accommodate new students.
- Regular movement on the salary schedule.
- Increases to mandatory benefits that are calculated as a percentage of wages earned.
- Increases to health insurance premiums.

# FY2020 PRELIMINARY BUDGET



## FUNDING FOLLOWS THE STUDENTS

The District strives to allocate funding to meet student needs. To do this, and to keep budgets equitable and scalable, MSBSD utilizes ratios and metrics for staffing purposes and discretionary funding at the site level. Ratios and metrics, along with accurate enrollment projections, allow the District to staff schools appropriately and limit classroom disruptions at the beginning of the school year.

In FY2020, the District's preliminary budget funds an overall staffing FTE increase of two FTE over the current year. This staffing includes an addition 38 positions that were allocated to schools above the established pupil to teacher ratios.

With the one-time State funds allocated in SBI42 in FY2019, the District was able to reduce the class size metric by one (1) in all grade levels. The rollover staffing included in this budget maintains those class size reductions as the District continues to make class size a priority.

### FY2020 RATIOS & METRICS

#### Pupil to Teacher Ratios:

Grades K - 2	23 to 1
Grades 3 - 5	26 to 1
Grades 6 - 8	29 to 1
Grades 9-12	32 to 1

#### Total Per Pupil

#### Discretionary Metric:

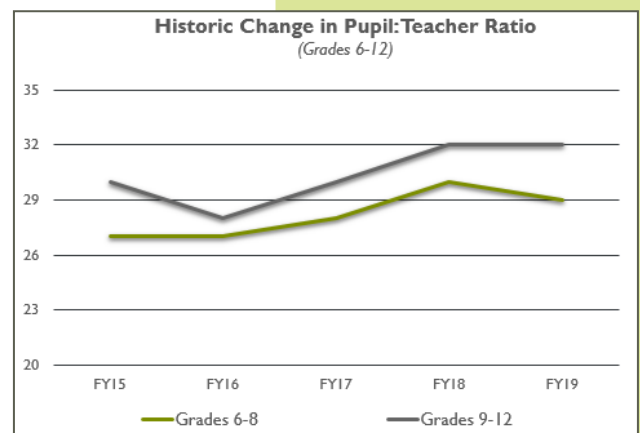
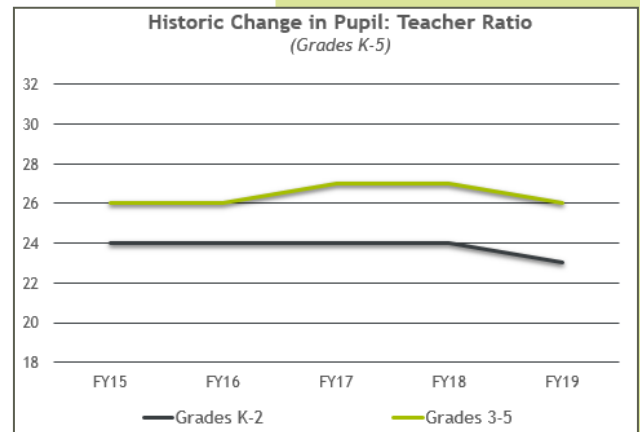
Elementary School	\$ 83
Middle School	\$ 93
High School	\$ 102

### STAFFING COMPARISON

Certified Staffing	FY 2019	FY2020
	Revised	Preliminary
Instruction	783.79	789.49
Special Education	302.92	300.01
Student Support	108.78	114.73
School Administration	57.70	58.39
District Admin & Support	2.00	2.00
Student Activities	4.75	5.25
	<b>1,259.94</b>	<b>1,269.87</b>

Classified Staffing	FY 2019	FY2020
	Revised	Preliminary
Instruction	19.06	20.44
Special Education	254.60	253.72
Student Support	64.99	52.33
School Admin Support	116.25	118.25
District Admin & Support	73.00	73.00
Operations & Maintenance	145.60	147.98
	<b>673.50</b>	<b>665.72</b>

<b>Total Staffing</b>	<b>1,933.44</b>	<b>1,935.59</b>
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# FY2020 PRELIMINARY BUDGET

## CITIZEN PARTICIPATION

### What Can You Do?

- Attend School Board meetings.
- Speak at a School Board meeting in-person or by calling 907.746.9272. To call in please sign up by 3PM day of.
- Email budget comments and/or concerns to: [MSBSDBUDGET@matsuk12.us](mailto:MSBSDBUDGET@matsuk12.us).
- Listen to live or archived Borough Assembly meetings via Radio Free Palmer here.
- Listen to live or archived School Board meetings via Radio Free Palmer here.
- Attend Borough Assembly Meetings.
- Submit opinions to the Borough Assembly here.
- Attend a Budget Open House in February.
- Take the online budget priority survey here.
- Watch MSBSD's short video on the District's budget process here.
- Follow [@akmatsuk12](https://www.facebook.com/akmatsuk12) on Facebook to access the Facebook event!

### Additional Resources:

Budget Presentations

[www.matsuk12.us/budget](http://www.matsuk12.us/budget)

*Historical Budget and CAFR Documents can be found here.*

School Board meeting calendar

*Information on the District's Bond & Capital Improvement Projects can be found here.*

*For more information on MSBSD's School Board, including meeting times, agendas, and contact information, please visit the School Board's*

UPCOMING PRELIMINARY BUDGET EVENTS				
DATE	TIME	MEETING	LOCATION	
02/11/19	6:30 PM	Budget Open House	Burchell High School	Wasilla
02/12/19	6:30 PM	Budget Open House	Pioneer Peak Elementary	Palmer
02/13/19	5:30 PM	Budget Open House	Face Book Live	Palmer
02/19/19	6:00 PM	Regular Assembly Meeting	Assembly Chambers	Palmer
02/20/19	6:00 PM	School Board Meeting	District Administration Building	Palmer
03/05/19	6:00 PM	Regular Assembly Meeting	Assembly Chambers	Palmer
03/06/19	6:00 PM	School Board Meeting	District Administration Building	Palmer
03/19/19	6:00 PM	Regular Assembly Meeting	Assembly Chambers	Palmer
03/20/19	6:00 PM	School Board Meeting	District Administration Building	Palmer
04/02/19	6:00 PM	Regular Assembly Meeting	Assembly Chambers	Palmer
04/03/19	6:00 PM	School Board Meeting	District Administration Building	Palmer
04/16/19	6:00 PM	Regular Assembly Meeting	Assembly Chambers	Palmer
04/17/19	6:00 PM	School Board Meeting	District Administration Building	Palmer
05/01/19	6:00 PM	School Board Meeting	District Administration Building	Palmer
05/06/19	6:00 PM	Joint Assembly & School Board Meeting	District Administration Building	Palmer
05/07/19	6:00 PM	Assembly Meeting	Assembly Chambers	Palmer

## DISTRICT ADMINISTRATION

SCHOOL BOARD	
Dr. Donna Dearman	President
Kelsey Trimmer	Vice President
Dr. Sarah Welton	Clerk
Ole Larson	Member
Ray Michaelson	Member
Thomas Bergey	Member
Ryan Ponder	Member

DISTRICT WIDE ADMINISTRATION	
Dr. Monica Goyette	Superintendent
Amy Spargo	Asst. Superintendent of Instruction
Luke Fulp	Asst. Superintendent of Business & Operations

**Matanuska-Susitna  
Borough School District**

**501 N. Gulkana St.  
Palmer AK, 99645**

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**MATANUSKA-SUSITNA**

**BOROUGH SCHOOL DISTRICT**

*We prepare all students for success*