School District Deficit Shrinks

Tuesday, 02 June 2009

{audio}/images/stories/mp3/090602.school_district_funding.mp3{/audio}

Erik Wander/KMXT

At its most recent regular meeting, the Kodiak Island Borough Assembly approved funding for the Kodiak Island Borough School District in an amount that fell short of the district's request. However, thanks in part to a lower than expected rate for health insurance, and after an adjustment to its budget, the school district now says the discrepancy has been reduced significantly.

The school district's initial request for funding from the borough was 10-million, 660-thousand dollars. The assembly approved funding in the amount of 10-million, 290-thousand dollars, some 370-thousand dollars short of the district's request. Speaking at the assembly's work session Thursday, Superintendant Stewart McDonald said the district had revised its budget to reflect an unexpected change in the projected rate for health insurance.

-- (McDonald 1 44 sec. "When we were budgeting ... cases right up to the end.")

McDonald said each year the district is rated by its insurance provider on its recent experience, a rating based on the number of claims filed and how costly those claims were. The savings resulting from the lower than expected, locked-in rate, resulted in a reduction of nearly 287-thousand dollars in the school district's projected budget.

-- (McDonald 2 28 sec. "When we did the math here ... with that in terms of a cut.")

Those

possible cuts would likely come from the district's materials budget, according to McDonald. He said he wanted to avoid any reductions in staffing above all else, and that the reduced difference between the borough's approved amount and the district's request would likely allow for that. Still, he said cuts are never desirable.

-- (McDonald
3 21 sec. "I don't want to make it ... hard on preserving that staff.")

The school district is set to receive 750-thousand dollars in stimulus funding from the State Fiscal Stabilization Fund in each of the next two years. However, the funds come with federal guidelines on how they may be spent on education. Therefore McDonald said the funding would be treated as a grant rather than as a resource to balance the budget, and likely go toward addressing some long-standing technology needs throughout the district.

-- (McDonald
4 45 sec. "We've been putting band aids on ... in that third year.")

Borough Manager Rick Gifford pointed out that the unexpected positive news with regard to health insurance rates based on recent good experience can just as well go the opposite way in the future, and that the district should proceed with caution. Assemblywoman Pat Branson reminded people that the borough's budget is still a working document and that the 83-thousand dollar difference does not represent a deficit until the budget has actually been passed. The borough assembly will vote on its budget this Thursday at its next regular meeting.

I'm Erik Wander.

###