

1 Commission believed that the deficit over the next five years is likely to be close to \$100 million which is a very serious
2 problem.

3
4 Other suggestions from the Commission included budgeting for computer replacement every year. He noted that this
5 was recommended last year and that the District has started initiating such a program and suggested that they
6 continue to do that and that implementation of the program be a high priority.

7
8 The PERS/TRS fund deficit requires the participating entities pay additional monies each year for an undetermined
9 number of years to reduce the deficit. The Commission believed that the issue needs to be looked at very seriously.
10 The State of Alaska along with ASD, the Municipality and other public entities, need to come up with a plan to find a
11 long term solution for this problem.

12
13 Mr. Cattanach explained that the scope of this Commission, which started out as a budget advisory commission, had
14 been increased to include workforce development. The Commission believed that more career pathways are needed
15 throughout the District at all age levels to insure that students leave ASD with a solid plan for postsecondary
16 education, training or employment.

17
18 Mr. Friedman noted that, in past years, the legislators did not want to discuss long-term education funding. He hoped
19 that things are changing.

20
21 Mr. Sullivan pointed out that the Commission's report mentioned under-funded mandates. With federal monies making
22 up only 3% of the ASD budget, he wondered whether the District had given any thought to giving up their federal
23 funding which would alleviate the need to comply with the mandates. Mr. Friedman noted that federal monies make up
24 only 3% of the general fund but comprise a significant portion of grant funding which includes Title I and Special
25 Education. Ms. Comeau pointed out that funding for federal mandates, which should be about 40% of costs, has
26 never been above about 16%. This has been a huge issue since 1975. She noted that the District will continue to
27 serve special education students because it is the right thing to do and it is the law. Therefore, refusing funding would
28 make the challenges in providing services even worse. Mr. Sullivan asked for information on the cost of under-funded
29 mandates.

30
31 Ms. Ossiander asked whether there is any sense, based on the conversations with national organizations, of how
32 much momentum and support the growth model that Senator Murkowski is supporting for No Child Left Behind has
33 generated. Ms. Comeau noted that the growth model is being pushed nationally. This model will reward progress in
34 teaching and learning. The Secretary of Education and the President are very negative on the model but the national
35 push from school boards, superintendents and teachers all over the country is supportive of it.

36
37 Mr. Starr noted that the building maintenance is shown at 4.58% of the budget and wondered whether that is a realistic
38 number. Mr. Cattanach noted that public entities are often rightly criticized for taking the concept of deferred
39 maintenance to the extreme. They would rather spend the money on operations than on maintaining the facilities.
40 The Commission has discussed this issue and believed that the District is doing a good job in maintaining their
41 facilities. Mr. Tuck pointed out that the District might be able to realize some cost savings in the areas of facility
42 maintenance and landscaping through joint service agreements with the Municipality and that the Commission had
43 recommended exploring those types of opportunities.

44
45 Mr. Starr noticed that the debt service amount is increasing by about \$2 million. He wondered whether that amount is
46 predicated on bond approval. With the information that the debt load burden had decreased by \$85 million over the
47 last several years it would be logical that the debt service would go down. Ms. Stokesbary explained that the District
48 sold the last of approximately \$49 million of authorized, un-issued bonds in 2006. The first year reflects only a six-
49 month interest payment. The second year after the sale there is a full year of interest and a principal payment due on
50 the bonds.

51
52 Mayor Begich noted that the additional Operations & Maintenance (O&M) on the Begich Middle School is listed at
53 approximately \$2.7 million. He compared that to the \$2.2 million additional O&M for the Municipality's new fire station
54 add-on. He questioned whether the District is being realistic in their estimates for that cost. Ms. Comeau responded
55 that she believed, with the exception of the landscaping, the District has accurately estimated the costs for O&M. The
56 landscaping of the schools is a huge community issue. She noted that she is open to do more collaboratively to
57 address landscaping. Mayor Begich suggested that the District take a look at the numbers on the last two new schools
58 to determine what was bonded for increased O&M and what was actually needed. Ms. Marie Laule indicated that the
59 \$2.7 million that Mayor Begich was looking at was, indeed, a significant increase from the projected figure of \$1.9
60 million. Mayor Begich encouraged the District to be completely realistic with those figures during the bonding process
61 rather than attempting to keep the estimates low to make the request more palatable for voters.

62
63 Mayor Begich indicated that the Municipality has been looking at bonding for structures for thirty-year financing. He
64 noted that government manages for cash flow, not equity. He believed that it would be better to finance on thirty-year
65 mortgages rather than the current practice of twenty-year mortgages.

66
67 Discussion on this topic continued following the Mayor's Report.

68
69 **6.b. ASD Budget Review and Approval Process**

70
71 Ms. Ossiander noted there had been a brief discussion regarding the timing of the submission of the ASD Budget.
72 She noted that there appears to be a significant lag between the time the School Board approves the budget and when
73 the Assembly has the opportunity to take it up. She requested a discussion on the possibility of calendaring the
74 budget earlier so that the public can have more opportunity to see it and the Assembly has longer to digest it.
75

1 Ms. Comeau noted that certain times and dates are required by Municipal ordinances and charters. The District has
2 been finishing their budget around the 10th of February. The time necessary to complete the budget document after
3 that point is dependent upon the number of changes implemented by the Board at the second reading. The District is
4 required to have the budget package to the Municipality by the first Monday in March.

5
6 Mayor Begich noted that a draft of the bond package was sent to the Municipality as soon as it was completed. This
7 allowed more time for the Assembly to review and discuss the package. He suggested that the budget be handled in a
8 similar way and that it be sent as an informational memorandum so that Assembly can hold their worksessions earlier.
9 Mr. Steele reviewed the timeline which includes thirty days between the date that the Assembly receives the budget
10 and when they are required to act on the budget. In light of the fact that the District holds public hearings on the
11 budget before it is approved, he wondered what additional action the Assembly felt was necessary that required more
12 than those thirty days. Ms. Ossiander noted that, in her experience, the public hearings are dramatically different
13 before the School Board than before the Assembly, in that there is a different audience. Additionally she noted that,
14 while the Assembly does not and should not look at particular dollar amounts for particular activities, they do have the
15 responsibility for the overall financials. They are regularly questioned and attacked for District funding, particularly in
16 years when the District is high profile as they are this year. Her desire is to get the document as soon as it is prepared
17 so that the Assembly can be more prepared and have the opportunity to react with the community in a meaningful
18 fashion.

19
20 Mr. Friedman asked whether it would be helpful for the Assembly to get a copy of the draft of the budget which is
21 available in January. Ms. Ossiander agreed that that would be helpful. Mr. Metcalfe added that members of the
22 Assembly were welcome to attend the District budget meetings as well.

23
24 Mr. Sullivan noted that the District is finished with the budget process about a month before it is forwarded to the
25 Assembly and then the Assembly has about two to three weeks to analyze it before taking action. He suggested that
26 perhaps the Assembly's Budget Committee needs to be more pro-active with the District budget and start pursuing it in
27 January and begin making recommendations to the body as a whole based on what they see.

28
29 Ms. Comeau indicated that the preliminary budget could easily be shared with the Assembly in January. In addition,
30 as the process continues, recommended changes could also be sent over. She noted that the Assembly needed to
31 understand that there will be changes and some of the items are not detailed or refined. Everyone would have to
32 understand that it would be a work in progress. The budget is really a work in progress until June 30th because of all
33 the changes in information that happens at the state level. The information is shared with the Education Workforce
34 Advisory Commission in January for their review as well.

35
36 Ms. Comeau noted her concern with the potential change in the start of the Legislature and the submittal of the
37 Governors' budget. The Legislature would not convene until mid-February which will have a huge impact on the
38 District's budget assumptions. If the new governor does not submit her budget until January 15th the District is really
39 going to have a problem with budget assumptions. The delay will prevent the District from getting any kind of accurate
40 information to the public or to the Assembly early. It is difficult enough now when so much information changes
41 throughout the process. The CPI, which is a major factor in the budget, isn't even available until the first of February.
42 The fact that the District is on a fiscal year while the Municipality is on a calendar year adds to the difficulty.

43
44 Mr. Steele noted that the fact that education funding is historically one of the last items addressed by the Legislature is
45 also a problem. Education funding is often held hostage and used as a mechanism to get other items pushed through
46 by members on both sides of the aisle. Ms. Comeau noted that the District and the School Board has been pushing
47 hard for forward funding. At this point, however, the Legislature is nowhere near getting that accomplished.

48
49 **6.c. Superintendent's Report**

50
51 Ms. Comeau provided an update of the Anchorage Education Association (AEA) contract negotiations. She noted that
52 negotiations are ongoing. It is becoming more difficult but she believes that both teams are doing everything they can
53 to come up with some kind of a solution. The Arbitrator's report, from the District's perspective, reinforced what the
54 District position has been which is that there are no extra funds. She recognized the teacher's frustration and the
55 belief that some of them hold that we can go back to the 1990s and recoup all of the things that were frozen at that
56 time which is an impossibility. She noted that she remains optimistic. There are three days of negotiations scheduled.
57 AEA has a membership meeting scheduled for Tuesday. Several actions could take place at that meeting including a
58 decision to schedule a strike vote. AEA has acknowledged that the strike vote that was taken earlier was not legal
59 because the advisory arbitration process had not been completed.

60
61 Ms. Comeau also explained that AEA would have to give the District a 72-hour notice, by statute, if they vote to strike.
62 If they do vote to strike the District will close the schools and cancel all student activities. The District has been very
63 public about these plans. She assured everyone that the District is working very hard, within their means, to find a
64 settlement.

65
66 Mr. Traini asked if there is any sense as to when the strike will happen if the teachers determine to strike. Ms.
67 Comeau noted that, while she has no knowledge of any timetable, the rumor on the street is either the week after
68 spring break or the week of testing and the election. She noted that she has been in conversation with the
69 commissioner to discuss concerns regarding exit exams. She is very concerned that the teachers will strike during
70 those testing dates which are set by the state and which students are required to pass for graduation.

71
72 Mr. Traini voiced his concerns about the impact that a strike will have on the election, particularly if voters have to
73 cross a picket line to enter voting sites. Ms. Gruenstein has begun planning and is prepared to call the US Department
74 of Justice who oversees all of the elections. She is trying to identify places for additional all-ballot voting centers. She
75 noted that about half of the polling places are in schools and she is very concerned about the effect a strike will have
76 on the election.

1
2 Ms. Ossiander asked that Ms. Comeau let the Assembly and the Mayor know if there is anything that they can do to
3 support the District through this process. Ms. Comeau assured her that the District is doing everything possible to
4 come to an agreement with the AEA. She also assured everyone that if a strike is called the District will keep the lines
5 of communication with the Municipality open and keep everyone informed. Mayor Begich noted that there is a team
6 from the Municipality including public safety, city management, and others who will work with the District in the event of
7 a strike.
8

9 Ms. Comeau ran through a list of activities that are going on around the District. She emphasized that teachers are
10 teaching and students are learning. We do have concerns regarding settling a contract with AEA but really there are an
11 awful lot of good things going on around the District.
12

13 **6.d. Mayor's Report**
14

15 Mayor Begich thanked Ms. Comeau and her team for their participation in the recent and ongoing town hall meetings.
16 He indicated that the meetings have been well attended and very positive.
17

18 Mayor Begich reviewed the New Beginnings project. This project is an effort to get preschool-aged children ready to
19 read so that they enter school with additional skills. He noted that the program, which is being sponsored through the
20 private sector, will provide reading kits which include a book a month. The goal is to get parents or care-givers to read
21 to their children. The program is still evolving, but he was excited about the potential impact it could have on the youth
22 in our community.
23

24 Mayor Begich announced that the opening of the new Muldoon Community Center and Library will take place
25 tomorrow, Saturday, March 10th at 10:30 a.m. There will be an open house throughout the day.
26

27 Mayor Begich noted that he and Ms. Comeau are on the circuit talking about bonds and other ballot initiatives.
28

29 **6.a. Proposed ASD 2007-2008 Budget (Continued Discussion)**
30

31 Discussion returned to the Proposed ASD Budget. In light of several questions he has received, Mr. Sullivan
32 requested some information regarding the cost of the new Student Information System and what it hopes to
33 accomplish. He noted that it was his understanding that members of that particular budget review team disagree with
34 the need for and the cost of the system.
35

36 Ms. Comeau explained that there were three members of the budget review team who were quite opposed to the
37 approach that the District has taken with this issue. In addition, the AEA has sent significant messages against
38 implementation of this new system because of its cost. The District currently has a home-grown student information
39 system that was developed in the early 1980s that is obsolete and dying. There has been a lot of discussion over the
40 past three years regarding the need for a new system and plans have been developing over that time frame to assure
41 that funding would be in place when a system is identified. In light of the concerns raised by budget team members
42 the District has engaged a third party to do an external review of the process that led up to issuing the RFPs.
43

44 Ms. Pam Chenier, ASD Purchasing Director, explained that the District is essentially in the middle of a procurement
45 process. There will be no finalization until the third party review is complete. The third party reviewer has been asked
46 to look at several areas including whether a new student information system is needed, whether alternative methods
47 have been adequately taken into consideration, whether the project budget is problematic and other implementation
48 issues. She noted that the report will be presented to the Board on March 26th. The report will be a matter of public
49 record and members of the budget review team and other members of the public will be welcome to testify at that
50 meeting. The third party review is being done by Davidson Services. They are a nationally known K-12 Education
51 Information Technology consulting firm.
52

53 Mr. Jeff Wood, ASD Information Technology Director, noted that the current system is very old. One of the goals when
54 looking for a new system is to find something that opens it up to parent access. It is estimated that parent calls into the
55 District could be reduced by 70% if parents had access to student schedules, grades and classroom course materials
56 on-line. Ms. Comeau noted that part of the budget figure on this item is for IT staff to support the implementation of a
57 new system. The interface for data and the need for reporting for No Child Left Behind, as well as the need for parent
58 access, is really what drove this whole initiative.
59

60 Ms. Chenier noted that the District is still in the procurement process and the fees have not been disclosed. When the
61 RFP was put out it was not believed that there was enough funding in place to procure the entire system. With the
62 amount currently budgeted the District can pay for the vendor portion of the cost. There is \$6.2 million approved for
63 the project, including the amount in the 2007-2008 proposed budget. The estimated cost of the project with an
64 accelerated timeline is approximately \$11 million, including in-house costs.
65

66 Mr. Steele noted that it was important to understand that there is a huge need to upgrade the system. It dovetails very
67 well with the accountability requirements that the District has to be able to track the progress of our students. There
68 has been a fairly rigorous research effort to determine how and what was needed.
69

70 In a response to Ms. Jennings regarding the third party review process Ms. Comeau explained that one of the items
71 that was brought out during a minority report from the budget review team was a request for an independent review of
72 the assumptions that had been made regarding a new Student Information System (SIS). The District is trying to be
73 open to suggestions that something may have been missed in the analysis and so a review has been done and there
74 will be a public presentation of the results of that review. The third party review will cost approximately \$26,000 which
75 is coming out of the project budget.
76


1 Mr. Stout asked, with the constant changes and improvements in technology, how the District can be sure that the
2 system is not outdated before it is even implemented. Mr. Wood explained that the vendor, whoever that turns out to
3 be, will be providing periodic and routine updates to keep their technology current as the District keeps the
4 infrastructure current to support it.

5
6 **8. SCHEDULING OF NEXT JOINT MEETING**

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8 The next Joint Meeting will be scheduled for sometime in June.

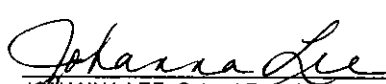
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10 **9. ADJOURNMENT**

11 Board President Friedman adjourned the meeting at 11:40 a.m.

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21 JEFF FRIEDMAN, Anchorage School Board Chair

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21 DAN SULLIVAN, Assembly Chair

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23 ATTEST:

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27 
28 JOHANNA LEE, School Board Secretary

29 Date Minutes Approved: June 22, 2007.

30
31 Anchorage School District School Board Office, ASD Education Center, 5530 E. Northern Lights Blvd., Anchorage, AK
32 99504, (907)742-4315 (Approved Meeting Minutes are available in the Municipal Clerk's Office, 632 West 6th Avenue, Suite 250,
33 Anchorage, Alaska; telephone (907)343-4505, or found on the Municipal Web Site at www.Muni.org)
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