



MUNICIPALITY OF ANCHORAGE

ASSEMBLY INFORMATION MEMORANDUM

AIM No. _____

Meeting Date: August 16, 2011

1 **From:** MAYOR
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3 **Subject:** Budget Advisory Commission Comments on Anchorage School District
4 Financial Plan Revisions (AR 2011-192)
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7 At the Budget Advisory Commission's August 3rd meeting it discussed the Anchorage
8 School District's revised 2011-2012 budget that is before the Assembly for approval.
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10 The Commission formed a subcommittee that further reviewed and discussed the
11 proposed revisions. At a special meeting on August 11th, the Commission approved the
12 attached recommendation to the Assembly for consideration.
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15 Prepared by: Cheryl Frasca, OMB Director
16 Concur: Lucinda Mahoney, CFO
17 Concur: George J. Vakalis, Municipal Manager
18 Respectfully submitted: Daniel A. Sullivan, Mayor

**Budget Advisory Commission
Recommendation
on AR 2011-192**

Revision of the Anchorage School District Financial Plan for FY 2011-2012

Approved by the BAC in a Special Meeting on August 11, 2012

The Budget Advisory Commission is recommending that the Assembly limit the Anchorage School District upper spending authority to no more than \$824,700,000. This represents a \$6.0 million reduction from the money authorized by House Bill 108 (HB108) for the one-time fuel opportunity grant. We have serious concerns about this funding that was intended as a one-time stop-gap, being used to support ongoing programs. Our fear is that the trajectory of the budget growth triggered by this state injection will be difficult to sustain by local taxpayers in the future.

We can all agree that improving student achievement for our kids must always be the primary goal of our public school system. We also applaud the many dedicated public servants of the Anchorage School District who have made improving student outcomes their primary focus. Furthermore, we recognize that these dedicated employees require substantial financial support from the community to be successful. That said, there's a balance that needs to be achieved on how many additional resources the community is asked to contribute.

According to the Tax Foundation, Anchorage ranks in the 92nd percentile of highest property taxes collected as a percentage of median income. Local tax contributions for the Anchorage School District have increased 72.6%, over the last nine years, on a per student basis. This is well above the inflation rate and the increase in local median wages for that same period. Anytime a household expense, like property taxes, grows faster than income, choices have to be made by families on which other goods and services they will do without.

It also seems very likely that the federal portion of our education funding is likely to decline in the near future. The school district currently has several hundred employees who are funded by federal grants. This leaves us vulnerable to the expectation that local taxpayers should shoulder some of that burden to avoid drastic cuts as federal funding declines.

We enthusiastically support our schools, but given the projected fiscal gap for next year, we believe it is prudent to limit the increase this year. There are some hard budget choices to make in the near future, and accepting this one-time state grant for recurring costs will make those choices much more difficult.