

Submitted by: Chairman of the Assembly
at the request of the
School Board

Prepared by: Anchorage School District
For Reading: March 12, 2013

CLERK'S OFFICE

APPROVED

3-26-13

Date:

1 ANCHORAGE, ALASKA
2 AO NO. 2013-39
3

4 AN ORDINANCE DETERMINING AND APPROVING THE TOTAL AMOUNT
5 OF THE ANNUAL OPERATING BUDGET OF THE ANCHORAGE SCHOOL
6 DISTRICT FOR ITS FISCAL YEAR 2013-2014 AND DETERMINING AND
7 APPROPRIATING THE PORTION OF THE ASSEMBLY APPROVED BUDGET
8 AMOUNT TO BE MADE AVAILABLE FROM LOCAL SOURCES
9

10
11 THE ANCHORAGE ASSEMBLY ORDAINS:
12

13 Section 1. That the FY 2013-2014 Proposed Anchorage School District
14 Financial Plan in the amount of \$837,098,347 has been approved by the Anchorage
15 Assembly and that, of said amount, the amount of \$233,419,669 is the amount of
16 money to be contributed from local property taxes or other local sources and is
17 hereby appropriated for school purposes to fund the School District for its
18 2013-2014 fiscal year.
19

20
21 Section 2. That this ordinance is effective upon passage and approval.
22

23
24 PASSED AND APPROVED by the Anchorage Assembly, this 26th day of
25 March 2013.
26

27
28 Ernie Hare
29 Chair of the Assembly

30 ATTEST

31
32 Barbara A. Jones
33
34 Municipal Clerk

MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

AM 112-2013

Meeting Date: March 12, 2013

FROM: ANCHORAGE SCHOOL DISTRICT

SUBJECT: AO 2013-39 ANCHORAGE SCHOOL DISTRICT
FY 2013-2014 FINANCIAL PLAN

PROPOSED FINANCIAL PLAN

The Anchorage School Board has approved the Proposed Financial Plan and Budget for FY 2013-2014 in the amount of \$837,098,347. The total recommended budget by individual fund projected is as follows:

Fund	FY 2013-2014 Financial Plan	Percent of Funding			
		Local		State	Federal
		Taxes	Other		
General	\$ 572,624,180	34	1	62	3
Food Service	19,417,637		25		75
Debt Service	86,314,465	47		53	
Grants	<u>41,742,065</u>		1	3	96
Total	<u>\$ 720,098,347</u>				
Percent of Revenue Sources to Total		28	1	62	9
State of Alaska TRS/PERS On-Behalf Allocations				\$117,000,000	
Total ALL FUNDS				<u>\$837,098,347</u>	

It is requested that the Anchorage Assembly approve local property taxes in the amount of \$233,419,669 and the upper limit spending authorization of \$837,098,347 for FY 2013-2014.

THE STRATEGIC GOALS

The Anchorage School Board has set high performance expectations for our students, parents, teachers, administrators, policy makers, and community which are embodied in the goals set for 2020 in the strategic plan described in "Destination 2020" including:

- 1 • 90 percent of students will be proficient in reading, writing, and
- 2 mathematics
- 3 • Every student will show one year or greater growth in reading, writing,
- 4 and mathematics
- 5 • 90 percent of students will graduate high school
- 6 • Every student will attend school at least 90 percent of the time
- 7 • 90 percent of parents recommend their child's school to others
- 8 • 100 percent of staff and students feel safe at school
- 9 • The district will rate in the top 25 percent of urban schools in *every* key
- 10 performance indicator

11
12 To stretch to reach these high performance goals by 2020, the Board looks
13 forward to working with the Assembly, Mayor, Governor, Legislature, students,
14 parents, teachers, administrators, business leaders and concerned citizens across
15 our community to realign the district on high standards, high quality
16 instruction and shifting resources from support to direct classroom instruction.

17 THE LONG RANGE FISCAL OUTLOOK

18
19
20 After a decade of funding increases from State, Local and Federal sources, the
21 fiscal outlook for the next six years appears likely to shift to flat to declining
22 funding in nominal terms.¹

23
24 The resulting challenge is succinctly stated in the State of Alaska Office of
25 Management and Budget 10-year plan,

26 *Anticipated growth in areas such as Medicaid, employee health care costs and*
27 *retirement systems costs also drive up the budget over time. The Administration*
28 *engages in discussions with legislators on how best to control these costs,*
29 *recognizing that downward adjustments to statutory formulas will be necessary*
30 *as oil revenues decline. [emphasis added]²*

31
32 As the District moves into a future with a flat to declining revenue outlook, we
33 are challenged by the past trend of providing salary and especially benefit
34 increases that typically exceeded inflation -- increases made possible by
35 increased funding from State, Local and Federal sources. The increased funding
36 not only enabled salary and benefit increases in excess of inflation, but also
37 enabled the District to increase employee levels by around 13% while
38 enrollment declined 1%. Much of the increase in employees was in support
39 functions, including teaching assistants, information & technology support

¹ Please see Board Memo #90, November 5, 2012, and Board Memo #54, November 15, 2012, for an in-depth discussion of the long range fiscal challenges faced by the District.

² State of Alaska Office of Management & Budget, Ten Year Plan, January, 2013, page 5.

1 positions. Some of the increase can be attributed to increases in spending on a
 2 variety of support programs.

3
 4 Under flat funding projections and trend line increases in salary and benefits,
 5 the district will need to reduce spending on the order of \$25 million a year over
 6 the next six years, requiring a workforce reduction on the order of 250 positions
 7 per year [~4% each year].

8
 9 Even if salary and benefit increases can be brought down to inflation, the
 10 continued prospects for declining funding from federal and state sources, and
 11 potential declines in the local property tax base associated with federal
 12 sequestration present a combination of circumstances that will require large and
 13 continued reductions in workforce.¹

14
 15 The near term and long term challenge is how to fashion staffing levels and a
 16 total compensation package that will provide high quality instruction, attract
 17 and retain quality employees, while balancing the budget in a flat to declining
 18 revenue environment.

19
 20
 21 **LONG RANGE PLAN**

22
 23 The District commissioned the Council of Great City Schools (CGCS) to conduct
 24 a study of its staffing levels that was completed in June, 2012. The staffing level
 25 review indicates that the District is overweight in support functions.
 26

**EXHIBIT 26. Staffing Categories as a Percentage of Total Staff in Anchorage, selected LEAs,
 Great City Schools, and School Districts with 15,000 or more Students**

Description	Anchorage	Great City	Pct
Library & media support	0.58%	0.09%	644%
Instructional coordinators & supervisors	0.97%	0.46%	211%
Librarians & media specialists	1.24%	0.83%	149%
Instructional Aides	15.31%	10.76%	142%
Guidance Counselors	2.02%	1.67%	121%
School Administrative Support	4.78%	3.97%	120%
Student support and all support services	23.01%	23.40%	98%
Total Teachers	47.95%	50.24%	95%
School Administrators	2.25%	2.69%	84%

Source: Council of Great City Schools, Final Draft, Anchorage School District Review, June 25, 2012

27
 28
¹ See for example, Board Memo #54, November 15, 2012, Appendix 5, where holding salaries and benefits to inflation still requires a 1% per year reduction in TRS positions and a 4% per year reduction in PERS positions in order to balance the budget over six years.

1 In addition, the staffing level review of central support functions, identified
2 areas where the District needed to reduce and realign staffing levels.¹

3
4 After the review of peer group staffing levels, the Board determined that the
5 District needed to increase overall proportion of resources to classroom
6 instruction in a flat to declining revenue environment by reducing support
7 functions and preserving direct classroom instruction to the extent possible.

8
9 Furthermore, the Board reaffirmed its commitment to develop *differentiated*
10 classroom instruction across the district by providing training and professional
11 development and new streamlined technology for assessment and formative
12 evaluation of students so that students receive instruction targeted toward their
13 particular challenges rather than assuming one size fits all.

14
15 In short, the Board is realigning the District on more direct classroom
16 instruction, more targeted classroom efforts and high quality instruction. The
17 challenging fiscal environment heightens the need to move quickly, but not
18 precipitously, toward realignment over the next three to five years.

19 20 21 FY2013-2014 BUDGET DEVELOPMENT PROCESS

22
23 On July 1, 2012, the Superintendent began a process to review all open positions
24 and new hires for alignment with District goals and consistency with the long
25 range plan to reduce support functions and increase the proportion of resources
26 targeted to direct classroom instruction. Many positions were eliminated and
27 responsibilities consolidated or reassigned. The “managed attrition” resulted in
28 an annualized savings of roughly \$4 million by October. Shortly thereafter, the
29 District initiated its formal budget development process with a pair of memos
30 describing the revenue and expense outlook for FY2013-2014, the salary and
31 benefit cost drivers, staffing levels and the long term challenge to bring reduce
32 the expense trend line by \$25 million in order to balance the budget to the
33 revenue projections. The Board reaffirmed its alignment on direct classroom
34 instruction, providing a slight increase in teaching staffing levels, and reducing
35 support functions.

36
37 The Superintendent and management team consulted with principals, teachers,
38 and various stakeholders, reviewed peer group comparisons and provided the
39 School Board with a balanced preliminary budget on January 17th. The
40 balanced budget was achieved through a combination of 215 position
41 reductions in support functions and a 20% reduction in supplies and materials
42 across the district.

¹ See Attachment C, Board Memo #54, November 15, 2012, Appendix 4b3.

The School Board reviewed the budget and asked a series of questions on a wide range of issues. The Board was provided a response to their questions at the early meeting of February 4th [see Attachment B].

After public hearings on the budget and in consultation with the principals, the Superintendent's recommended budget was revised to slow the rate of reduction in counseling services in order to provide a less disruptive transition toward staffing levels more reflective of peer group comparisons. The preliminary budget reduced the number of positions in the counseling suite by 21%, the revised recommendation reduced the number of positions in the counseling suite by 15%.

The net result is the proposed *direct school district* budget of \$720.1 million - a reduction of roughly 6% from the current year's budget.

FISCAL YEAR BUDGET COMPARISON

The following schedule compares by fund the FY 2013-2014 projected revenue/expenditure budgets with those currently approved for FY 2012-2013.

REVENUE/EXPENDITURE BUDGETS (millions of \$)

<u>Fund</u>	<u>Revised Budget FY 2012-2013</u>	<u>Proposed Budget FY 2013-2014</u>	<u>Over/(Under) Amount</u>	<u>Percent</u>
General	\$577.995	\$572.624	\$ (5.371)	(0.9%)
Food Service	19.043	19.418	0.375	2.0%
Debt Service	86.611	86.314	(0.343)	(0.3%)
Local/State/Federal Grants	81.500	41.742	(39.758)	(48.8%)
Total District Budget	<u>\$765.149</u>	<u>\$720.098</u>	<u>\$(45.051)</u>	(5.9%)

TAX ESTIMATES (millions of \$)

	<u>Revised FY 2012-2013</u>	<u>Proposed Budget FY 2013-2014</u>	<u>Increase/ (Decrease)</u>	<u>Percent</u>
Total Municipal Support (FY)	<u>\$239.963</u>	<u>\$233.420</u>	<u>\$(6.543)</u>	(2.8%)
Est. Assessed Valuation (CY)	\$31,529.3	\$32,252.9	\$723.6	2.3%
Estimated Mill Rate (CY)	7.57	7.30	(0.27)	(3.6%)

1 STUDENT ENROLLMENT PROJECTIONS

	FY 2012-2013	FY 2013-2014	Change Over
	<u>Sept. 30, 2012</u>	<u>Sept. 30, 2013</u>	<u>Prior Year</u>
2 Enrollment (ADM)	48,734	48,816	+82 +0.2%
3 Total District Budget (\$ per ADM)	\$15,701	\$14,751	\$(950) (6.1%)

9 SUMMARY

11 Anchorage faces a tough challenge - how to support its students, parents,
12 teachers, principals, administrators, and public leaders in their efforts to stretch
13 to achieve higher performance under flat to declining revenues. It is a challenge
14 that has been faced by many communities around the country since the economic
15 downturn in 2008. The communities who have risen to the challenge have
16 combined a focus on data-driven management for results, a steadfast desire to
17 continuously improve, and a passion to make education a top priority.

19 The FY 2013-2014 Proposed Financial Plan and Budget continues the Anchorage
20 School Board's commitment to improving the education of all students in a
21 challenging fiscal environment.

23 **The Anchorage School District requests the full support of the Anchorage
24 Assembly for this budget and in the ongoing efforts to generate a community
25 dialogue that focuses on building one of the best school districts in the
26 country.**

28 Respectfully submitted,



32 Jim Browder
33 Superintendent

36 JB/CS/MF

38 Attachments:

- 40 Board Overview, February 21 (Attachment A)
- 41 Board Overview and Summary of Major Variances, February 4 (Attachment B)
- 42 November 15, 2012 Pro Forma Budget Memo (Attachment C)

FY 2013-2014 Financial Plan Review

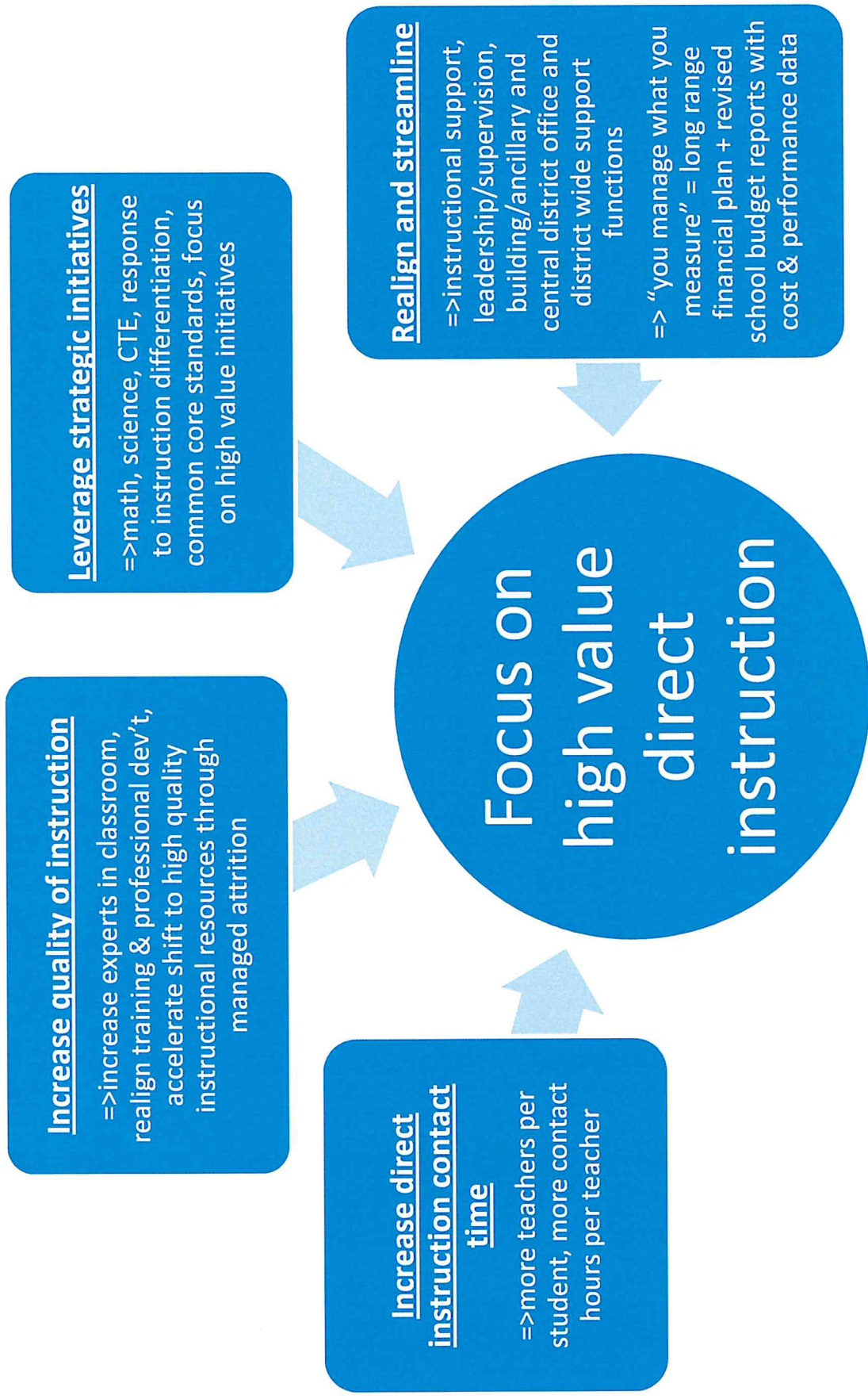
Anchorage School District
Prepared for: School Board Early
Meeting
February 21, 2013

Table of Contents

- Overview of key strategies & initiatives
- Financial Plan Development Process
- Staffing Level Plan to Balance the Budget and Realign District
- Change from February 4th First Reading:
 - Reassign middle and high school pupil-teacher ratio round down (8 FTE) to certificated counselors at comprehensive high schools to help support the transition toward an integrated full service counseling suite in the high schools
- Summary

OVERVIEW OF KEY MANAGEMENT STRATEGIES & INITIATIVES

SUMMARY: Focus on Direct Classroom Instruction



Financial Plan Development Process

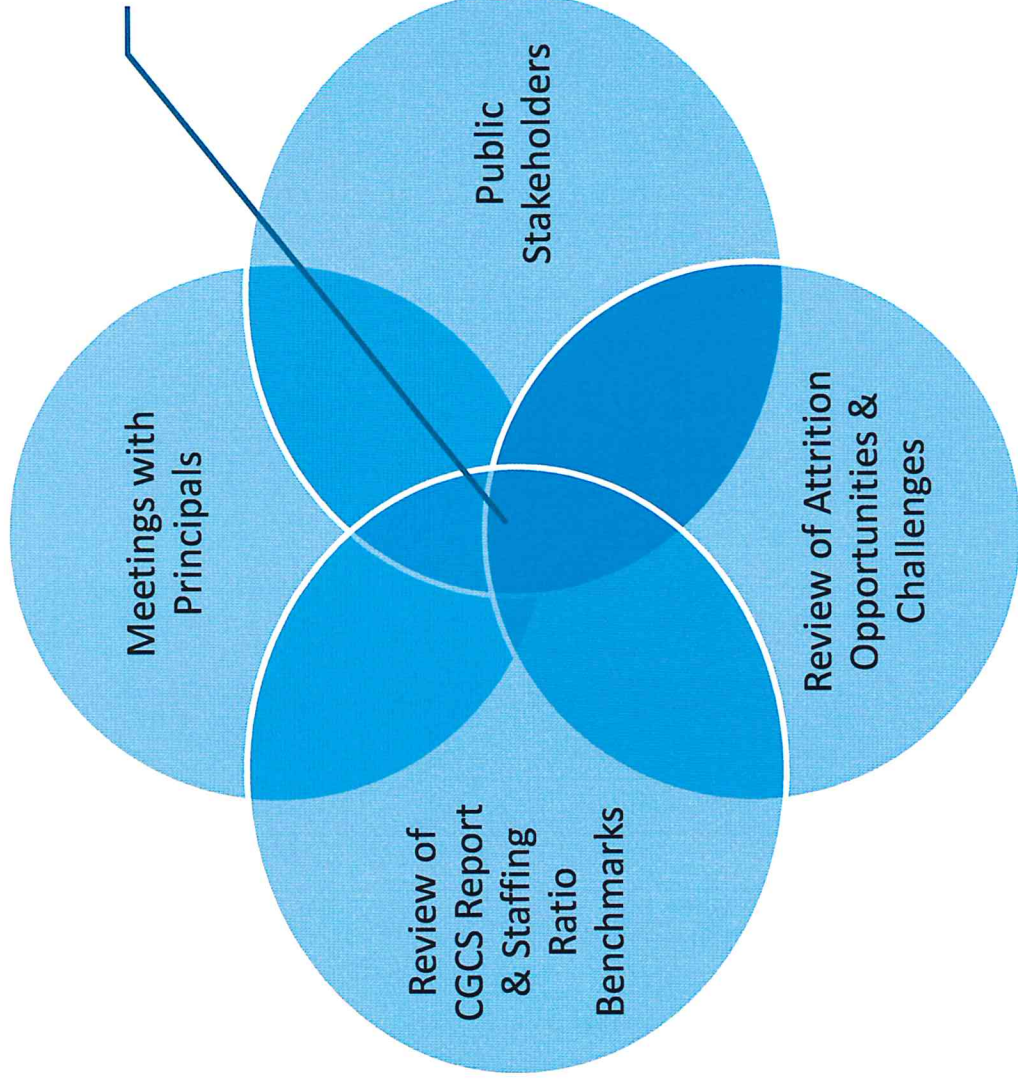
- Long Range Financial Outlook: \$140 million budget gap projection over six years
- FY1314 Pro Forma Projection: \$25 million budget gap
- Review of Staffing Level Report & Benchmarks
- Consultations
 - Principals, Management Team, Public Stakeholders
- Management review and realignment of financial plan on strategic initiatives

Financial Outlook – FY1314

\$25 Million Budget Gap

	Month	FY14 Outlook
School District Pro Forma Projection	Nov	<ul style="list-style-type: none"> • <u>Long Range Financial Outlook</u> • Flat nominal funding + trend line growth in salaries & benefits opens up a budget gap of ~\$140 million over six years
		<ul style="list-style-type: none"> • <u>FY1314 Pro Forma Projection</u> • Base Student Allocation + \$6 million increment • \$25 million budget gap; expenditures projected 4.4% higher than revenues
Governor's Budget	Dec	<ul style="list-style-type: none"> • Base Student Allocation + \$7.6 million energy cost relief* • <u>State of Alaska OMB: Anticipated growth in areas such as Medicaid, employee health care costs and retirement systems costs also drive up the budget over time. The Administration engages in discussions with legislators on how best to control these costs, recognizing that downward adjustments to statutory formulas will be necessary as oil revenues decline. (OMB 10 Year Plan, p.5, emphasis added)</u>

How to close the \$25 million budget gap and continue realignment



- Staff adjustments were made after consultation with principals, reviewing staffing ratio benchmarks, attrition opportunities & challenges, and consultations with public
- Many of the adjustments reflect a convergence of all four considerations

Staffing Ratios:

Council of Great City Schools Structure & Staffing Level Review

EXHIBIT 26. Staffing Categories as a Percentage of Total Staff in Anchorage, selected LEAs, Great City Schools, and School Districts with 15,000 or more Students

Description	Anchorage	Great City Schools	Pct Difference
Library & media support	0.58%	0.09%	644%
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Total Teachers	47.95%	50.24%	95%
School Administrators	2.25%	2.69%	84%

Source: Council of Great City Schools, Final Draft, Anchorage School District Review, June 25, 2012

- The Staffing Level Review indicates ASD is overweight in support functions.
- The last decade of flat enrollment and increased staff in support functions has not yielded measurable increases in performance.
- A data driven and results focused approach indicates a shift to more direct classroom instruction and targeted investment in high quality teaching is in order.

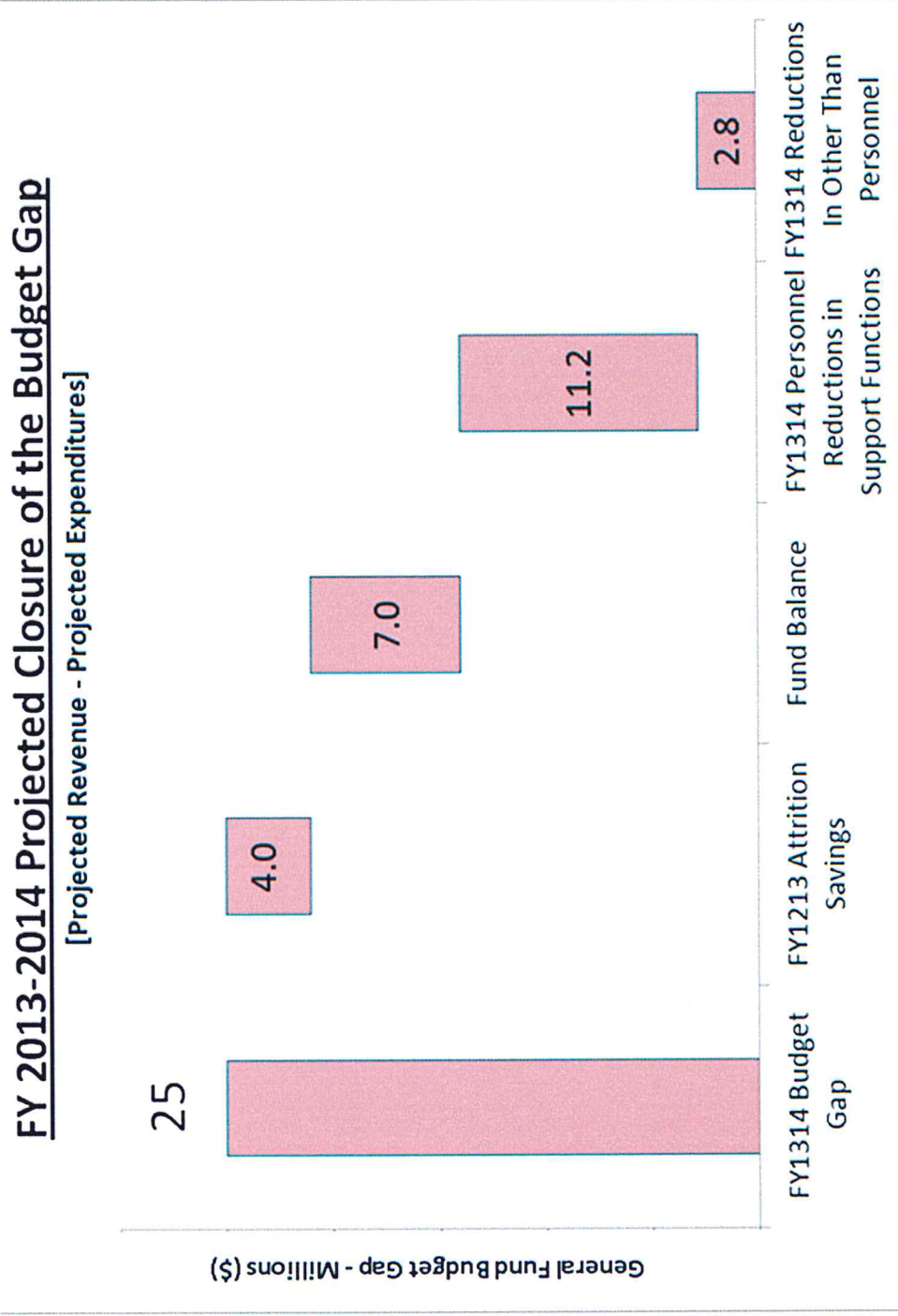
Exhibit 26 FTE Gap Analysis [Anchorage vs. GCS Median]

Description	Anchorage FTE (Feb 2012)	Anchorage FTE at CGCS Median Pct	Difference
	Library & media support	39	
Instructional coordinators & supervisors	65	31	(34)
Librarians & media specialists	122	82	(40)
Instructional Aides	1023	719	(304)
Guidance Counselors	135	112	(23)
School Administrative Support	319	265	(54)
Student support and all support services			
Total Teachers			
School Administrators			

Source: Exhibit 26 Gap Analysis Applied to ASD HR Data Extract (All Funds) Provided to Council of Great City Schools, February 17, 2012

- Prelim gap analysis suggests a realignment on the order of 500 FTE from support functions to classroom instruction.
- To avoid excessive disruption, the migration back toward direct classroom instruction will occur through a **managed attrition** process to the extent practical given flat to declining revenues and continued growth in wages and benefits.

The Resulting Plan to Close the Budget Gap

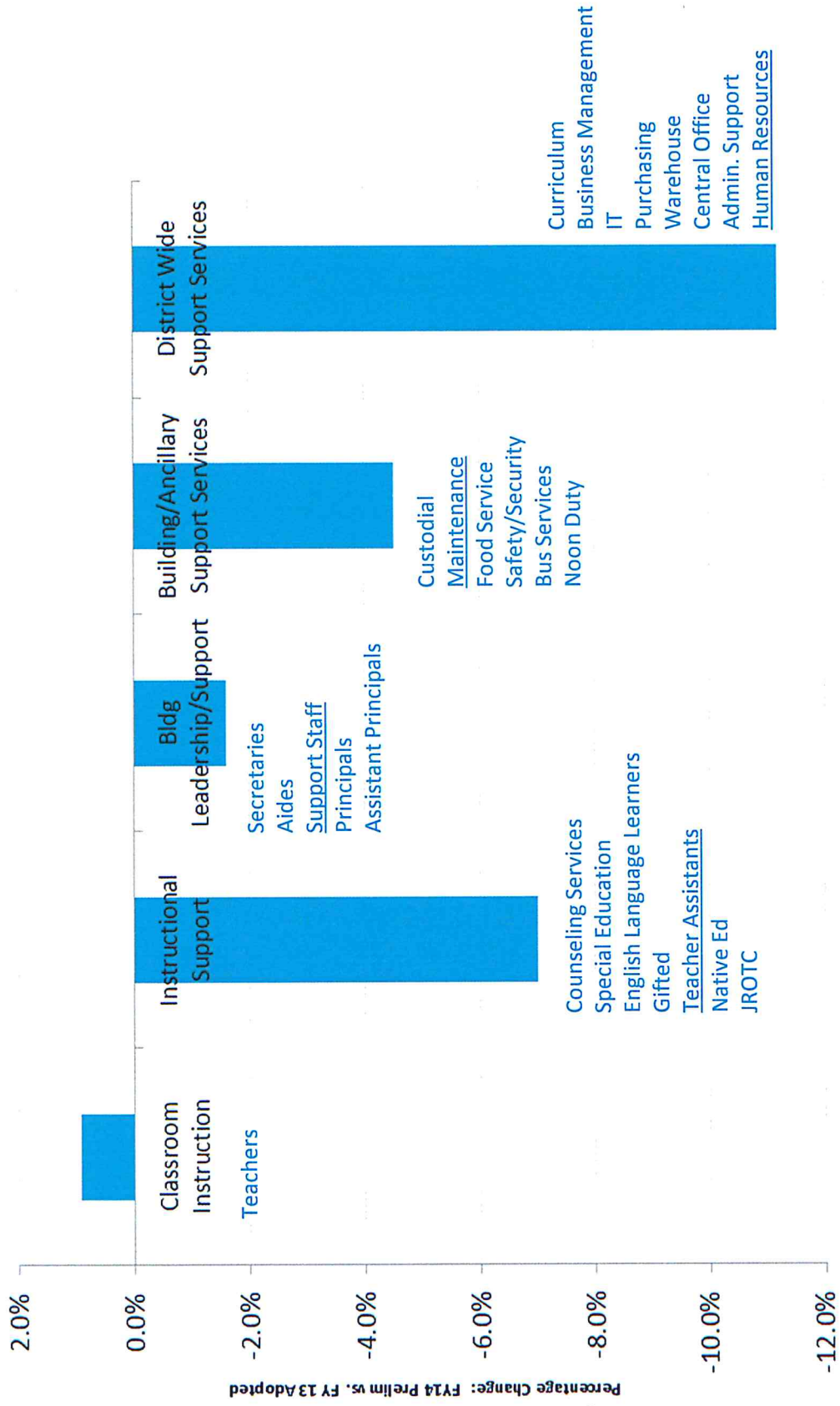


Expense Reduction (-)	-4	-7	-11.2	-2.8
Cumulative Reduction (-)	-4	-11	-22.2	-25.0

FY 1314 Plan

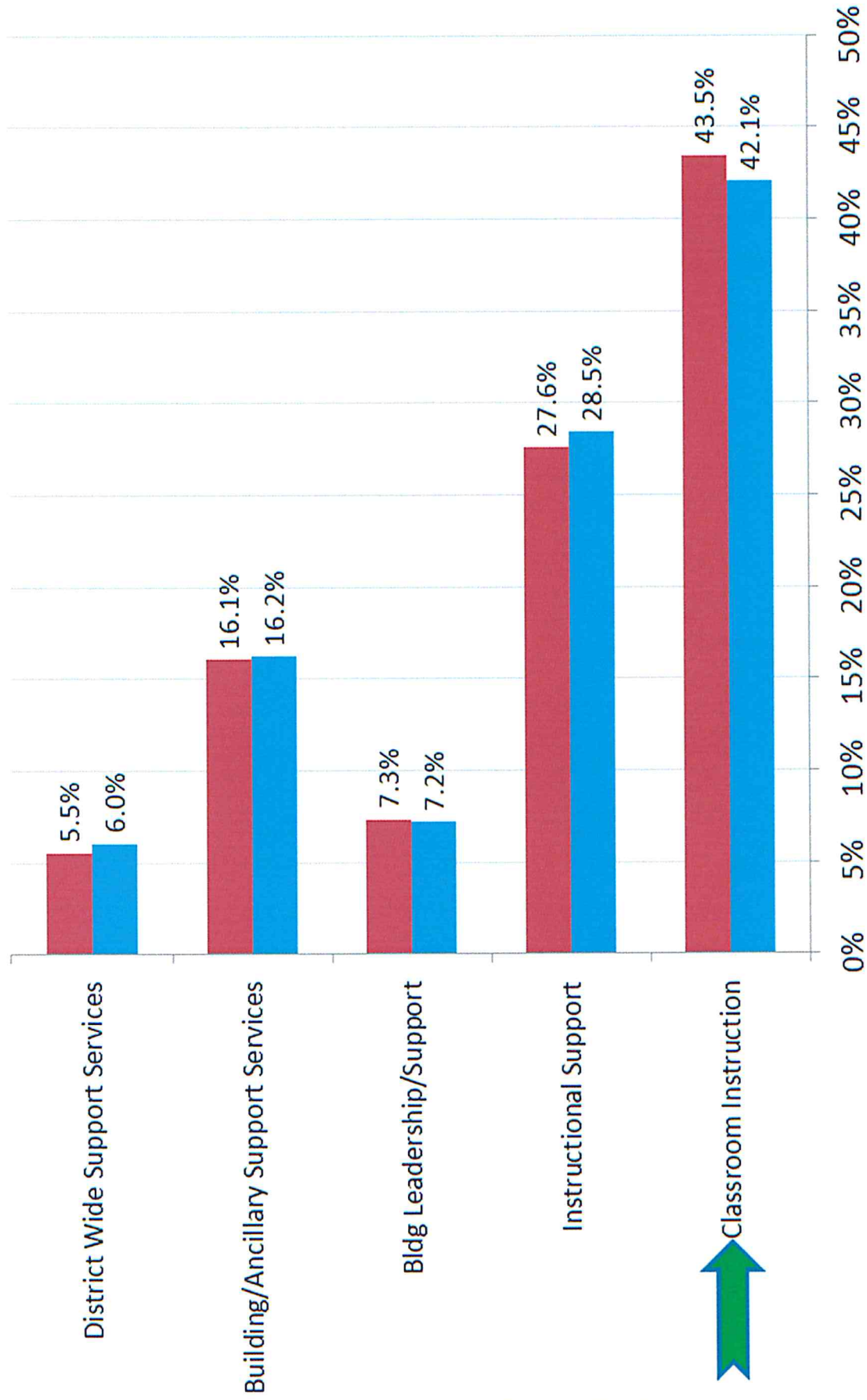
Preserve direct classroom instruction; reduce support functions

FY14 Prelim Budget vs. FY 13 Budget: Change in FTE Staffing Levels



ASD FTE Staffing Distribution by Function

FY1314 FY1213

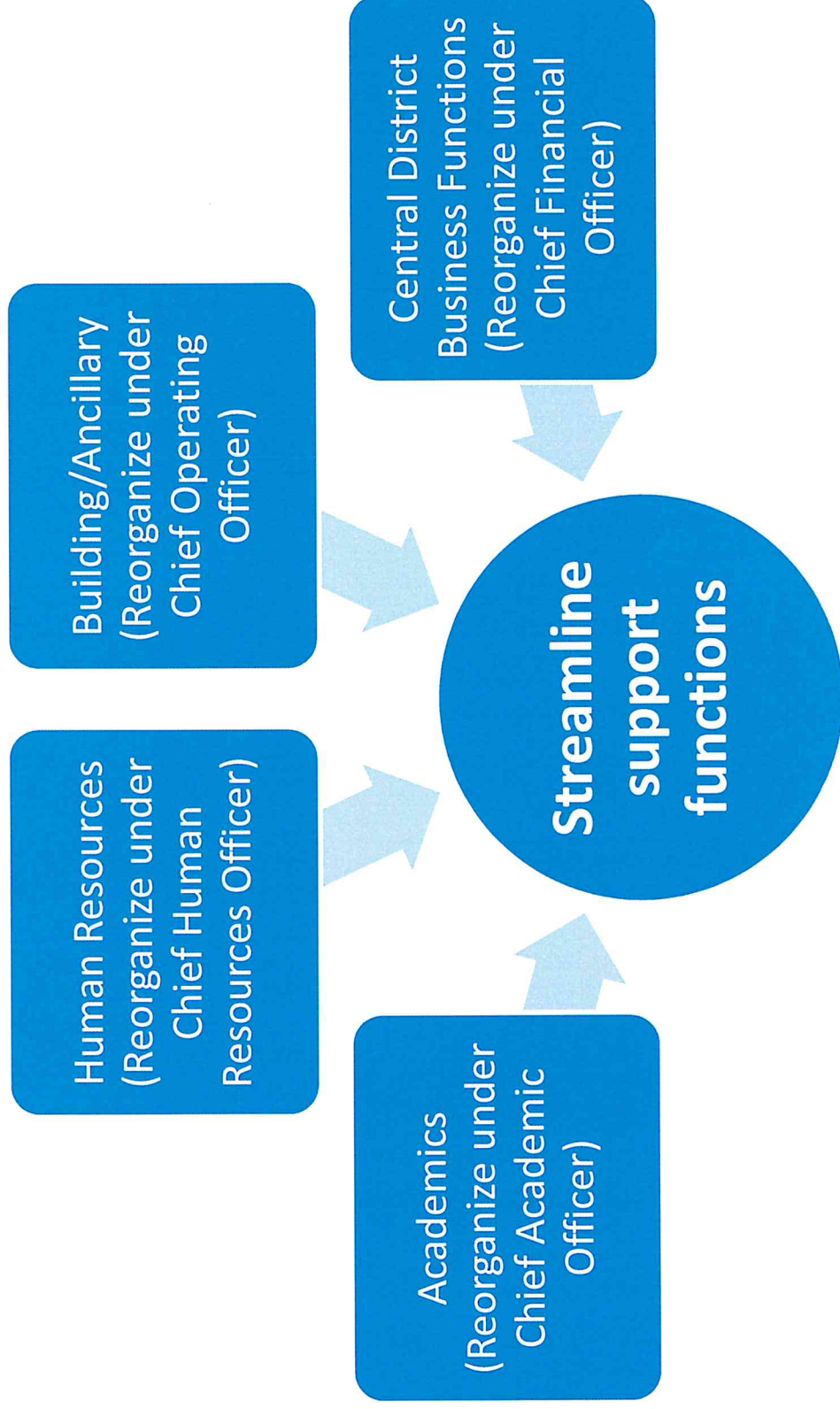


District Wide Support Services

CENTRAL OFFICE REORGANIZATION

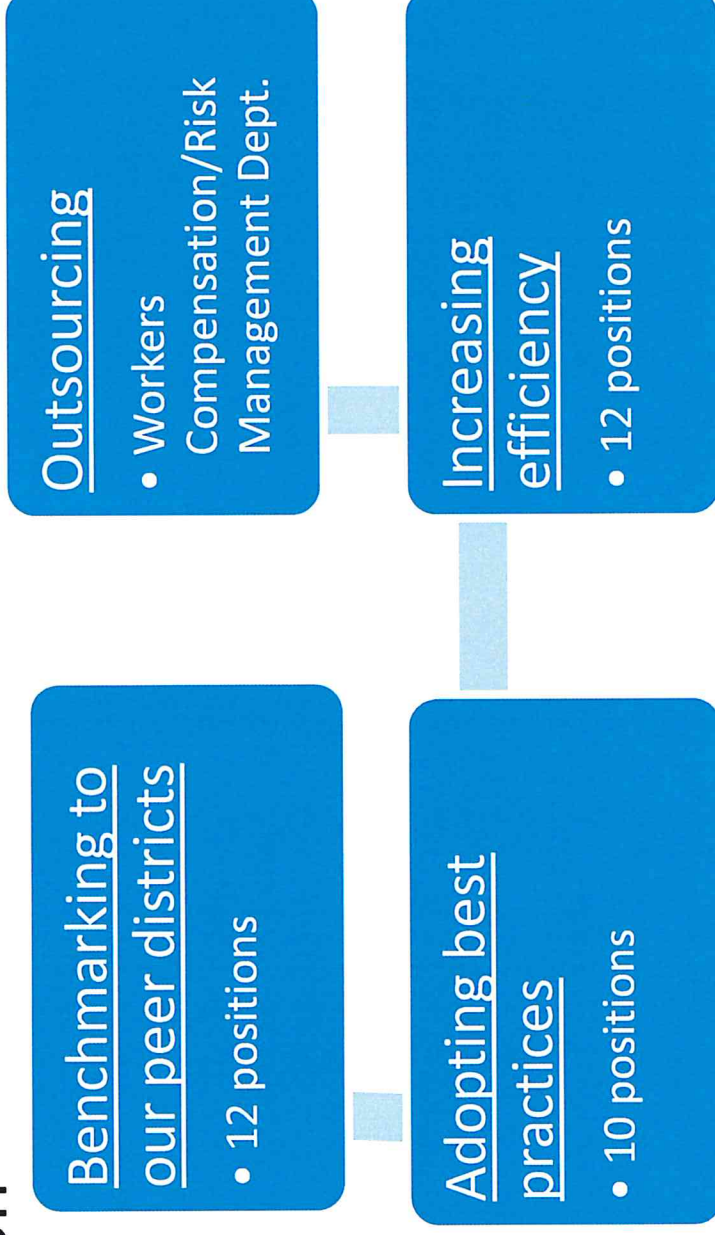
Realign on Direct Classroom Instruction

Streamline support functions through managed attrition



Streamlining District wide services

40 positions reduced from Education Center
Approximately an 11 percent overall staffing
reduction



BUILDING & ANCILLARY SUPPORT SERVICES

Building/Ancillary Support Services

- **Reduce custodians and auxiliary building plant operator positions**
 - Redistribution of custodial staff across district
 - 18.5 FTE Custodians
 - 18 FTE Aux BPO
 - Cleaning differently
 - Schools to remain clean and sanitary

- **Reduce maintenance positions**
 - 8 FTE specialists and technician positions
 - All currently vacant
 - Prioritizing work

**BUILDING LEADERSHIP / ADMIN /
SUPPORT**

Building Leadership / Admin / Support

- **Reduce “clerical” through managed attrition**
 - Includes administrative assistants, secretaries, financial data control clerks, registrars, etc.
 - Target 3% reduction in positions through attrition.
 - Approximately 11 positions across the District of which 7 would be expected to come from “the principal’s office” [building leadership/admin/support] over the course of a normal attrition year
- **Reduce registration addenda** [payment for extra time block] from \$0.7M to \$0.55M to provide incentive to shift from high cost personnel toward moderate cost personnel and migrate toward on-line registration to the extent practical

INSTRUCTIONAL SUPPORT

Instructional Support

- Teaching Assistants
 - Special Education
 - English Language Learners
 - Library Assistants, Nurse Assistants
- Counseling Services
- Teacher Experts & Consultants => reduce central office positions, encourage shift to classroom instruction
- Ignite Program => reduce student busing, increase student contact time per teacher, migrate toward staffing ratio equity within gifted program

Realign and streamline instructional support

Teaching Assistants – Object Code 1231

Instructional Support Area	FY13 Budget	FY14 Staffing Level Target	FY14 v. FY 13 Reduction
Reduce Special Education TA's by 10 pct attrition	488 FTE	439 FTE	- 49 FTE (-10%)*
Reduce English Language Learner TA's by 8 pct attrition	109 FTE	100.375 FTE	- 8.625 FTE (-8%)*
Reduce Middle & High Library Media Assistants to 3.5 hrs (TALMAS)	22.3125 FTE (24 @ 0.875 FTE) (3 @ 0.4375 FTE)	11.8125 FTE (27 @ 0.4375 FTE)	-10.5 FTE
Eliminate Nurse Assistants (TANAS)	8 FTE	0 FTE	-8 FTE
TOTAL TA's Under Review	627.3 FTE	551.2 FTE	- 76.1 FTE (12%)

*Reductions achieved through attrition by January 2013

Realign and streamline instructional support

Counseling, Advisors & Support Coordinators

Function / Position	FY13 Budget	FY14 Staffing Level	FY14 v. FY 13 Reduction
Counselors (including School, SPED, ELL) Object Code 1400 Reaffirm principle that all counselors should provide service to all students (on parity with expectations for teachers in classrooms) and reduce overall level of counselors toward benchmark			
Eliminate 9 FTE (ZS07J, ZS07E) from SPED	9 FTE	Eliminate	-9 FTE
Reduce 1.5 FTE (ZC07B) from ELL	9.1 FTE	7.6 FTE	-1.5 FTE
<u>Reduce 1.5 FTE from Elementary*</u>	<u>25 FTE</u>	<u>23.5 FTE</u>	<u>-1.5 FTE</u>
Total Certificated Counselors	116 FTE	104 FTE	-12 FTE
Eliminate Career Resource Advisors	9.0 FTE	Eliminate	-9.0 FTE
<u>Eliminate Graduation Support Coordinators</u>	<u>7.0 FTE</u>	<u>Eliminate</u>	<u>-7.0 FTE</u>
Total Counseling Services Positions Under Review	132 FTE	104 FTE	-28 FTE (21%)
ADD 8 FTE Certificated Counselors from Pro Forma Middle & High School Pupil Teacher Ratio Round Down		+8 FTE	+8 FTE
Total Counseling Service Positions Under Review	132 FTE	112 FTE	-20 FTE (15%)

*Reduce 1.5 FTE from Elementary in shift to formula funding based on Free & Reduced Lunch

Realign and streamline instructional support Teacher Experts / Consultants

Instructional Support Area	FY13 Budget	FY14 Staffing Level	FY14 v. FY 13 Reduction
Reduce Teacher Experts / Consultants Not Directly Paid for By Schools (or grants) by ~1/4 th to 3/4 ^s to encourage high quality teachers to find direct classroom instruction opportunities	44.0	29.0	15 FTE Total 12 FTE Net of CAO Central Office Adjustments
1032, 1035, 1036 (C&I)	23.0	20.0	3 FTE* Previously counted in CAO Central Office
1612 (Gifted)	3.0	1.0	2 FTE
1638. 1653. 1655. 1660, 1665 (SPED)	14.0	7.0	7 FTE
<u>1680 (ELL)</u>	<u>4.0</u>	<u>1.0</u>	<u>3 FTE</u>
Total Teacher Expert / Consultants Under Review	44	29	15 (34%)

Realign and streamline instructional support

Ignite Program

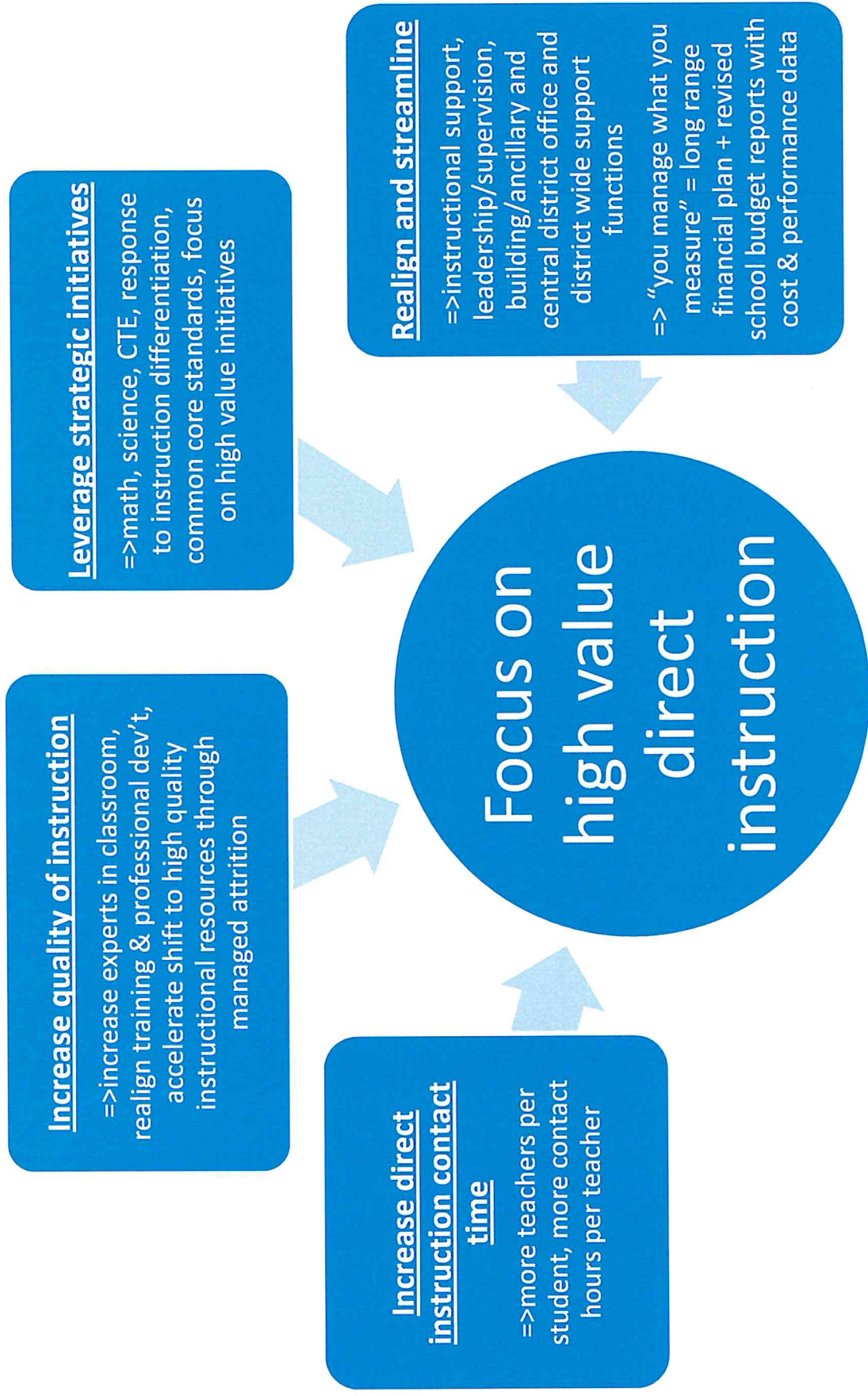
Instructional Support Area	FY13 Budget	FY14 Realignment on Classroom	FY14 v. FY13 Reduction
<p>Elementary Ignite Program frequently requires elementary student pull-outs and bus transportation to another location resulting in lost time for students</p>			
<p>Shift delivery model to focus on delivering service to students rather than students to teachers.</p>			
<p>Adjust transportation; streamline testing and evaluation process, shift testing & evaluation from teachers to others</p>		+ transport	
<p>Elementary Ignite Program teacher productivity (student instructional contact hours per teacher) is less than half that of the balance of the Gifted Program (Rogers Park, Romig, West) where the Gifted Program teacher to student contact hour ratio is roughly 33% higher than the general student (comparable to other gifted programs in other districts). <i>Reduce Ignite Program teacher to student ratio toward parity with balance of Gifted Program in the District.</i></p>	30 FTE	24 FTE	6 FTE (20%)

Reduction in supplies & materials of 20%

with allowance for direct classroom instruction mission critical adjustments

	Millions \$				YOY Pct Chg
	FY1112	FY1213	FY1314	YOY Chg	
4020 Textbooks (review reclassifications)	\$ 1.46	2.42	1.15	(1.27)	-52.5%
4030 Library A/V Supplies	0.43	0.45	0.34	(0.11)	-25.2%
4040 Teaching Supplies	5.21	3.46	2.72	(0.74)	-21.3%
4080 Student Activity Supplies	0.15	0.29	0.26	(0.04)	-12.6%
Subtotal¹	7.26	6.62	4.46	(2.15)	-32.6%
4010 Office Supplies	1.48	1.75	1.34	(0.41)	-23.5%
4050 Health Supplies	0.15	0.13	0.11	(0.01)	-11.0%
4060 Meals & Food	0.07	0.07	0.05	(0.02)	-25.4%
Subtotal²	1.70	1.95	1.50	(0.44)	-22.7%
4100 Fuel	1.55	1.46	1.51	0.05	3.3%
4110 Oil, Grease & Lube	0.09	0.09	0.09	(0.00)	-1.2%
4120 Tires	0.07	0.07	0.07	-	0.0%
4130 Repair Parts	0.94	0.87	0.90	0.03	3.3%
4140 Garage Supplies	0.02	0.02	0.02	-	0.0%
Subtotal	2.68	2.51	2.58	0.08	3.0%
4200 Custodial Supplies	0.71	0.74	0.61	(0.14)	-18.5%
4250 Bldgs/Grounds Supplies	1.40	1.53	1.20	(0.33)	-21.5%
4260 Warehouse Supplies	0.01	0.01	0.01	-	0.0%
4880 Self-Insured Supplies	0.00	0.00	0.02	0.02	n/m
Subtotal³	2.13	2.28	1.84	(0.44)	-19.4%
TOTAL SUPPLIES & MATERIALS	\$ 13.76	13.35	10.39	(2.96)	-22.2%
Direct classroom instruction "mission critical" adjustments				0.16	
Net Projected Change in Supplies & Materials				(2.80)	

SUMMARY: Focus on Direct Classroom Instruction



FY 2013-2014 Financial Plan Review

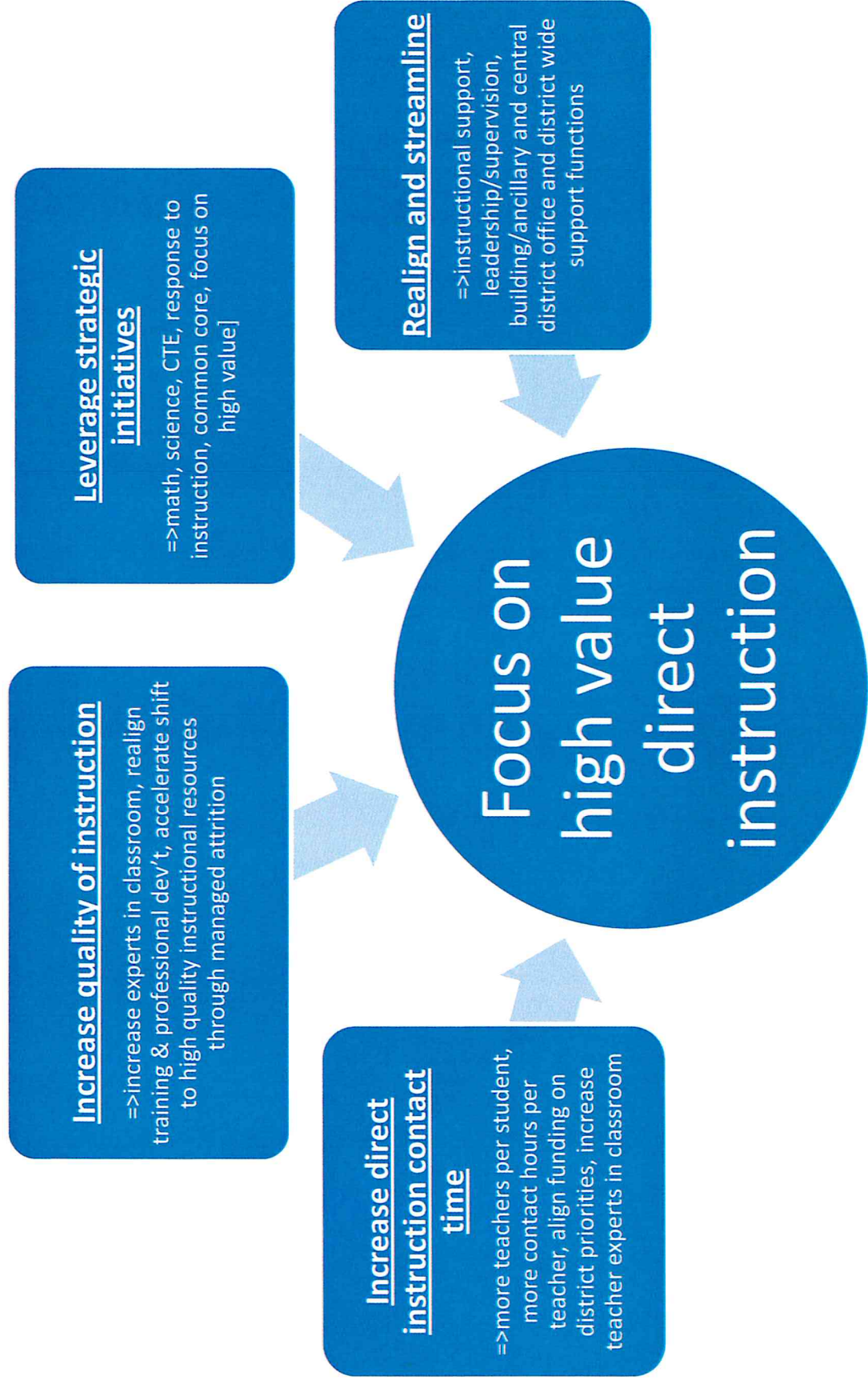
Anchorage School District
Prepared for: School Board Early
Meeting
February 4, 2013

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OVERVIEW OF KEY MANAGEMENT STRATEGIES & INITIATIVES

Focus on Direct Classroom Instruction



Financial Plan Development Process

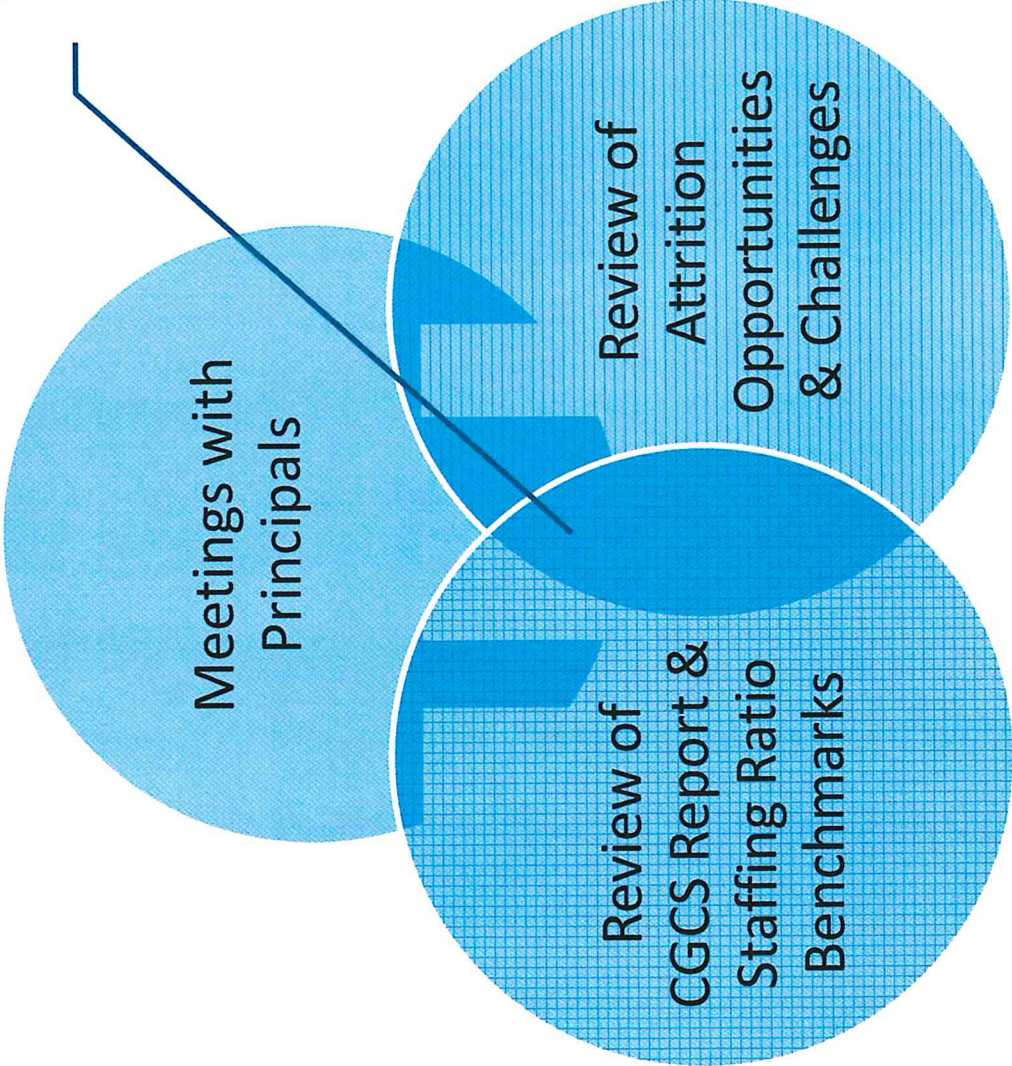
- Financial Outlook: \$25 million budget gap
- Review of Staffing Level Report & Benchmarks
- Consultations
 - Principals, Management Team, Stakeholders
- Management review and realignment of financial plan on strategic initiatives

Financial Outlook – FY1314

\$25 Million Budget Gap

	Month	FY14 Outlook
School District Pro Forma	Nov	<ul style="list-style-type: none"> • <u>Long Range Financial Outlook</u> • Flat nominal funding + trend line growth in salaries & benefits opens up a budget gap of ~\$140 million over six years • <u>FY1314</u> • Base Student Allocation + \$6 million increment • \$25 million budget gap; expenditures projected 4.4% higher than revenues
Governor's Budget	Dec	<ul style="list-style-type: none"> • Base Student Allocation + \$7.6 million energy cost relief* • <u>State of Alaska OMB: Anticipated growth in areas such as Medicaid, employee health care costs and retirement systems costs also drive up the budget over time. The Administration engages in discussions with legislators on how best to control these costs, recognizing that downward adjustments to statutory formulas will be necessary as oil revenues decline. (OMB 10 Year Plan, p.5, emphasis added)</u>

How to close the \$25 million budget gap and continue realignment



- Staff adjustments were made after consultation with principals, reviewing staffing ratio benchmarks and attrition opportunities & challenges
- Many of the adjustments reflect a convergence of all three considerations

Staffing Ratios: Council of Great City Schools Structure & Staffing Level Review

EXHIBIT 26. Staffing Categories as a Percentage of Total Staff in Anchorage, selected LEAs, Great City Schools, and School Districts with 15,000 or more Students

Description	Anchorage	Great City Schools	Pct Difference
Library & media support	0.58%	0.09%	644%
Instructional coordinators & supervisors	0.97%	0.46%	211%
Librarians & media specialists	1.24%	0.83%	149%
Instructional Aides	15.31%	10.76%	142%
Guidance Counselors	2.02%	1.67%	121%
School Administrative Support	4.78%	3.97%	120%
Student support and all support services	23.01%	23.40%	98%
Total Teachers	47.95%	50.24%	95%
School Administrators	2.25%	2.69%	84%

Source: Council of Great City Schools, Final Draft, Anchorage School District Review, June 25, 2012

- The Staffing Level Review indicates ASD is overweight in support functions.
- The last decade of flat enrollment and increased staff in support functions has not yielded measurable increases in performance.
- A data driven and results focused approach indicates a shift to more direct classroom instruction and targeted investment in high quality teaching is in order.

Description	Anchorage		Anchorage		Difference
	FTE (Feb 2012)	Median Pct	FTE at CGCS	Median Pct	
Library & media support	39	6			(33)
Instructional coordinators & supervisors	65	31			(34)
Librarians & media specialists	122	82			(40)
Instructional Aides	1023	719			(304)
Guidance Counselors	135	112			(23)
School Administrative Support	319	265			(54)
Student support and all support services					
Total Teachers					
School Administrators					

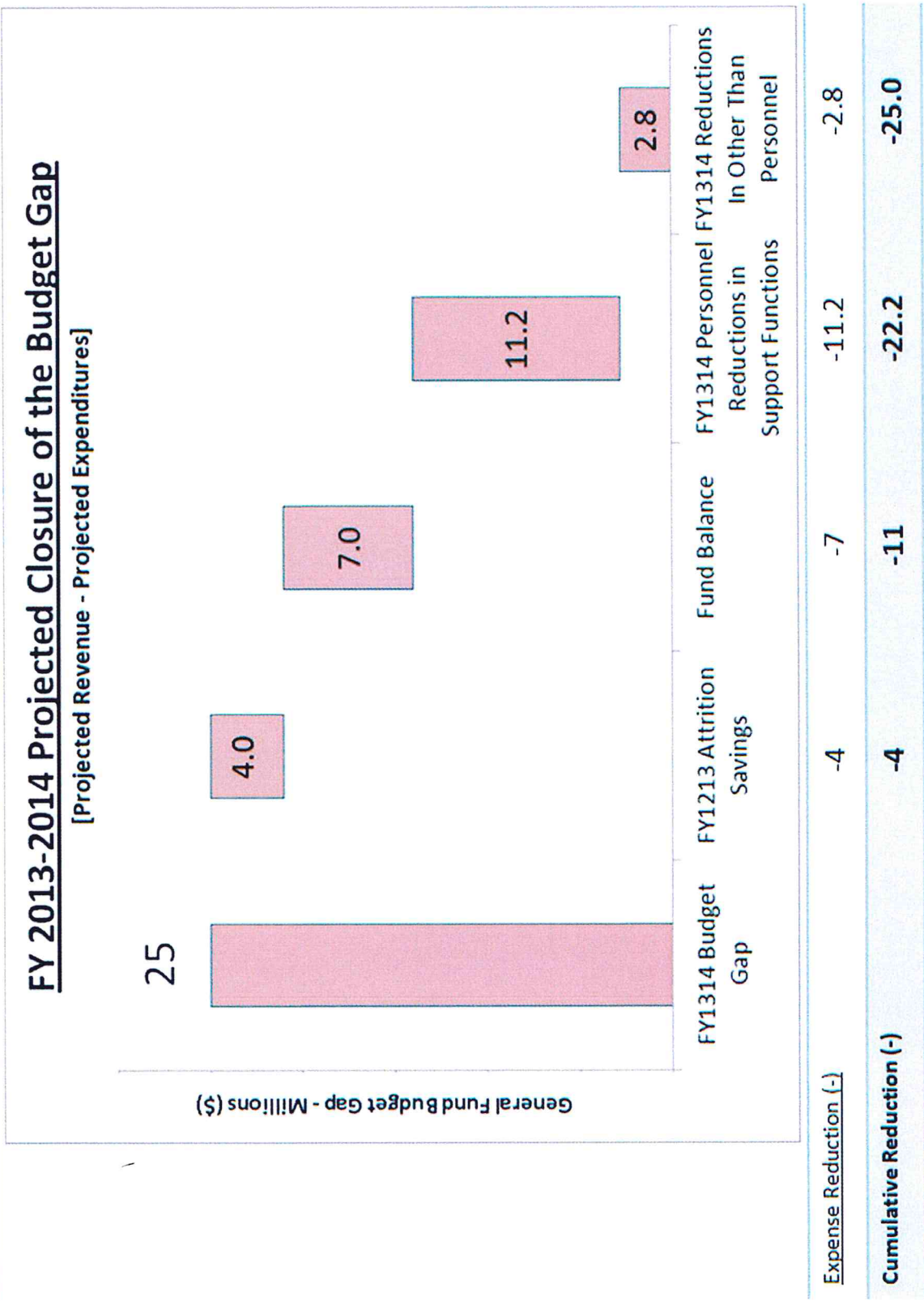
Source: Exhibit 26 Gap Analysis Applied to ASD HR Data Extract (All Funds) Provided to Council of Great City Schools, February 17, 2012

- Prelim gap analysis suggests a realignment on the order of 500 FTE from support functions to classroom instruction.
- To avoid excessive disruption, the migration back toward direct classroom instruction will occur through a **managed attrition** process to the extent practical given flat to declining revenues and continued growth in wages and benefits.

Meetings with Principals

- Elementary
- Secondary
- Many constructive suggestions incorporated into this year's budget recommendation

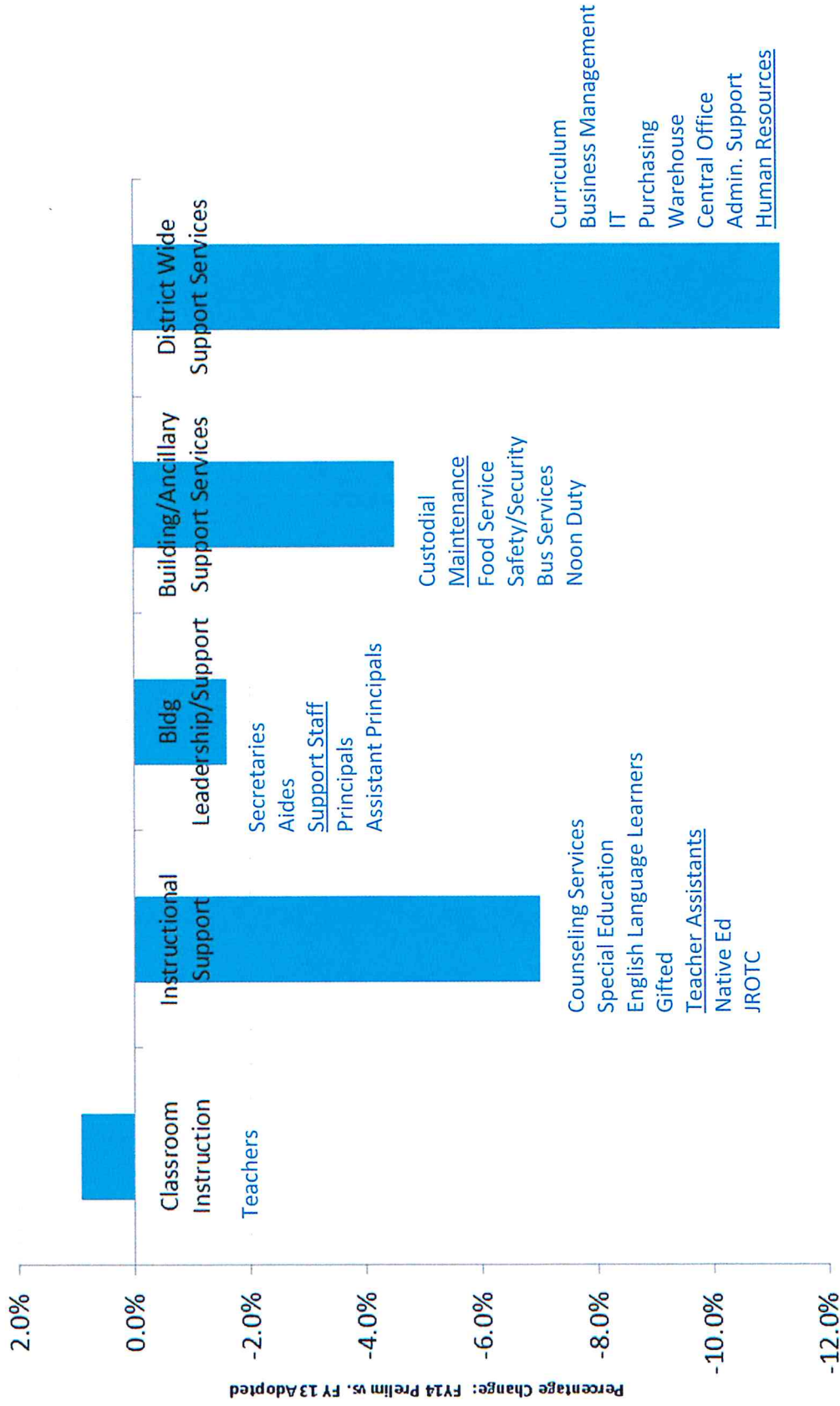
The Resulting Plan to Close the Budget Gap



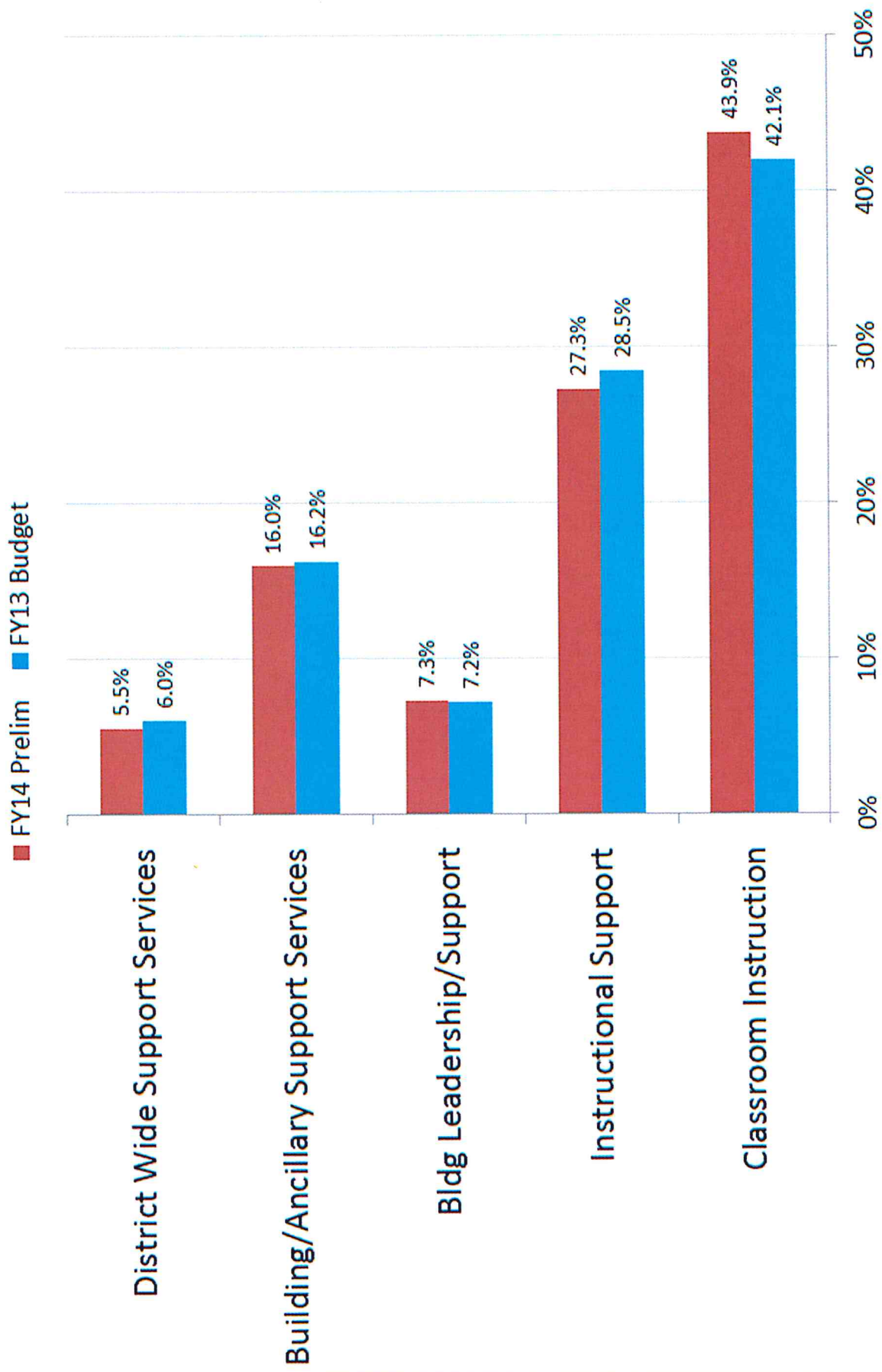
FY 1314 Plan

Preserve direct classroom instruction; reduce support functions

FY14 Prelim Budget vs. FY 13 Budget: Change in FTE Staffing Levels



District FTE Distribution (FY13 Budget => FY14 Prelim)

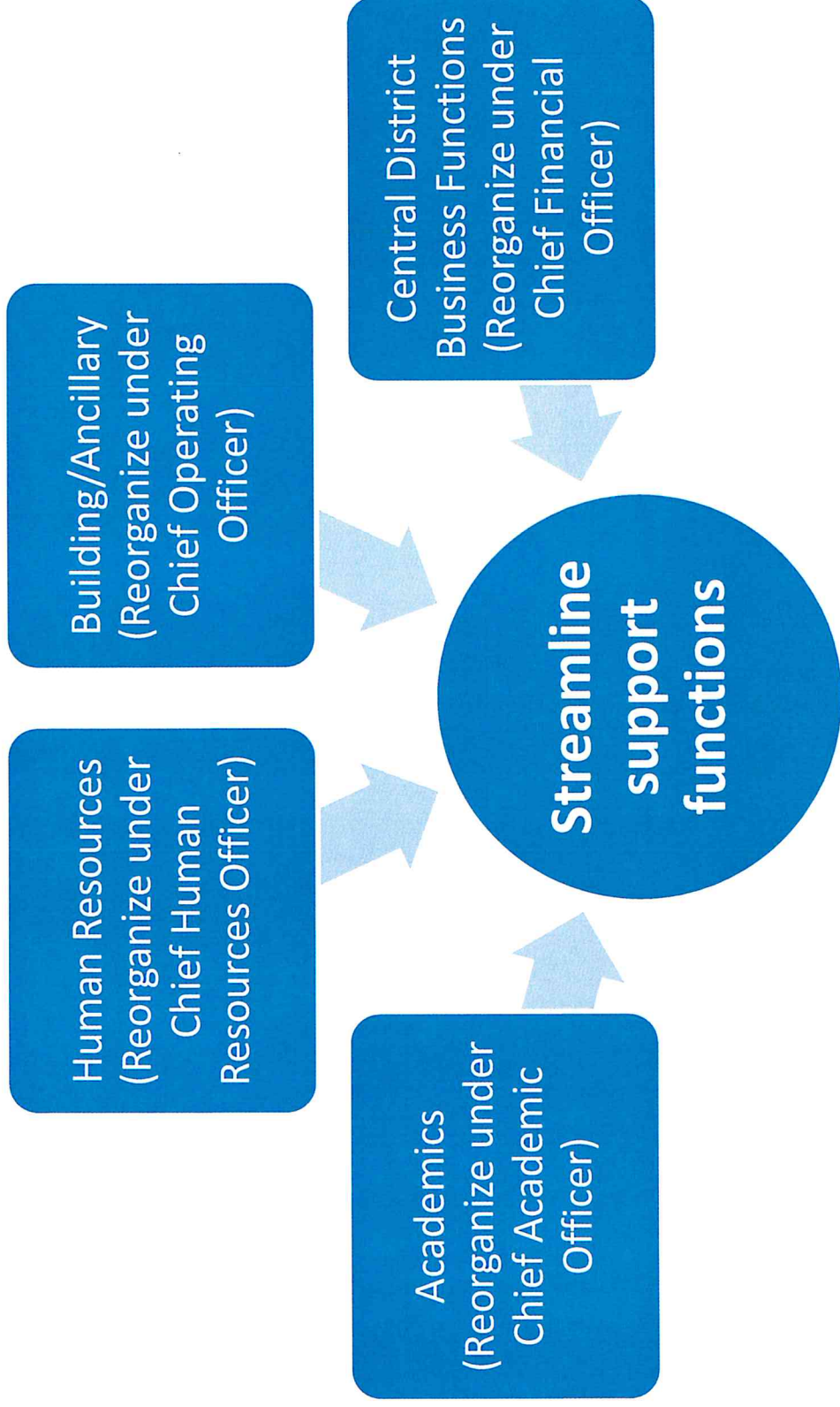


District Wide Support Services

CENTRAL OFFICE REORGANIZATION

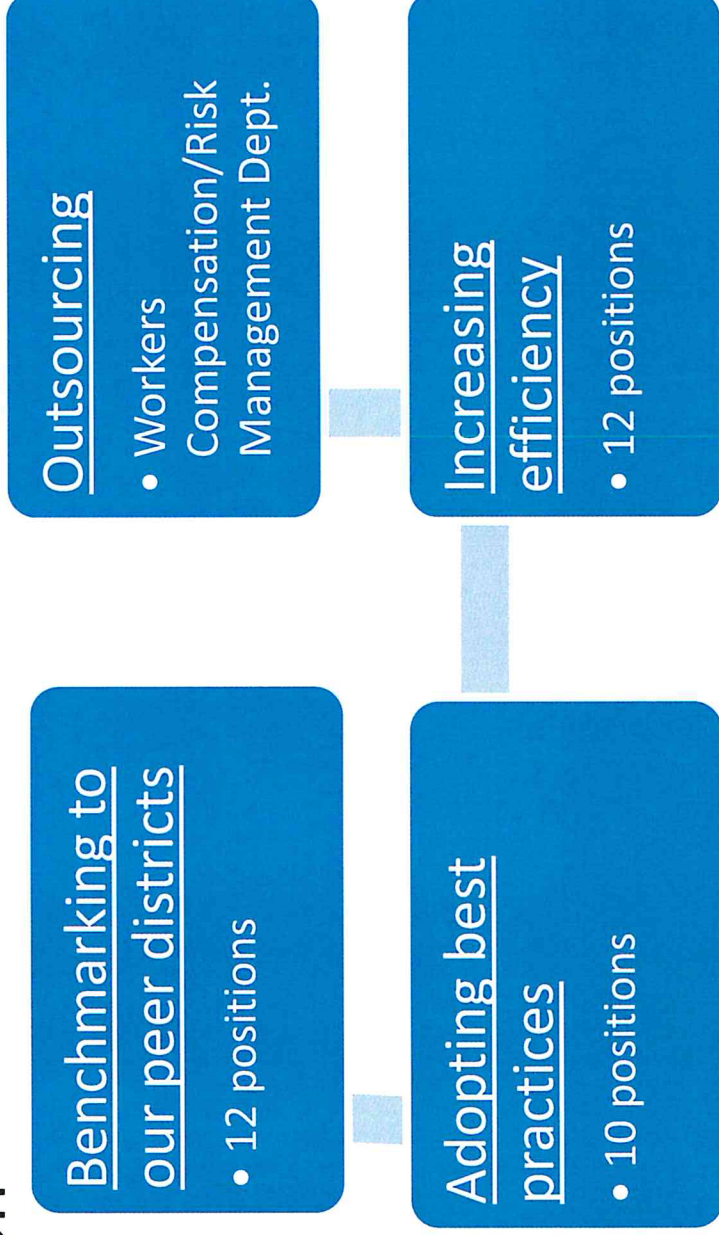
Realign on Direct Classroom Instruction

Streamline support functions through managed attrition



Streamlining District wide services

40 positions reduced from Education Center
Approximately an 11 percent overall staffing
reduction



BUILDING & ANCILLARY SUPPORT SERVICES

Building/Ancillary Support Services

- **Reduce custodians and auxiliary building plant operator positions**
 - Redistribution of custodial staff across district
 - 18.5 FTE Custodians
 - 18 FTE Aux BPO
 - Cleaning differently
 - Schools to remain clean and sanitary

- **Reduce maintenance positions**
 - 8 FTE specialists and technician positions
 - All currently vacant
 - Prioritizing work

**BUILDING LEADERSHIP / ADMIN /
SUPPORT**

Building Leadership / Admin / Support

- **Reduce “clerical” through managed attrition**
 - Includes administrative assistants, secretaries, financial data control clerks, registrars, etc.
 - Target 3% reduction in positions through attrition.
 - Approximately 11 positions across the District of which 7 would be expected to come from “the principal’s office” [building leadership/admin/support] over the course of a normal attrition year
- **Reduce registration addenda** [payment for extra time block] from \$0.7M to \$0.55M to provide incentive to shift from high cost personnel toward moderate cost personnel and migrate toward on-line registration to the extent practical

INSTRUCTIONAL SUPPORT

Instructional Support

- Teaching Assistants
 - Special Education
 - English Language Learners
 - Library Assistants, Nurse Assistants
- Counseling Services
- Teacher Experts & Consultants => reduce central office positions, encourage shift to classroom instruction
- Ignite Program => reduce student busing, increase student contact time per teacher, migrate toward staffing ratio equity within gifted program

Realign and streamline instructional support Teaching Assistants – Object Code 1231

Instructional Support Area	FY13 Budget	FY14 Staffing Level Target	FY14 v. FY 13 Reduction
Reduce Special Education TA's by 10 pct attrition	488 FTE	439 FTE	- 49 FTE (-10%)*
Reduce English Language Learner TA's by 8 pct attrition	109 FTE	100.375 FTE	- 8.625 FTE (-8%)*
Reduce Middle & High Library Media Assistants to 3.5 hrs (TALMAS)	22.3125 FTE (24 @ 0.875 FTE) (3 @ 0.4375 FTE)	11.8125 FTE (27 @ 0.4375 FTE)	-10.5 FTE
Eliminate Nurse Assistants (TANAS)	8 FTE	0 FTE	-8 FTE
TOTAL TA's Under Review	627.3 FTE	551.2 FTE	- 76.1 FTE (12%)

*Reductions achieved through attrition by January 2013

Realign and streamline instructional support

Counseling, Advisors & Support Coordinators

Function / Position	FY13 Budget	FY14 Staffing Level	FY14 v. FY 13 Reduction
Counselors (including School, SPED, ELL) Object Code 1400 Reaffirm principle that all counselors should provide service to all students (on parity with expectations for teachers in classrooms) and reduce overall level of counselors toward benchmark			
Eliminate 9 FTE (ZS07J, ZS07E) from SPED	9 FTE	Eliminate	-9 FTE
Reduce 1.5 FTE (ZC07B) from ELL	9.1 FTE	7.6 FTE	-1.5 FTE
<u>Reduce 1.5 FTE from Elementary*</u>	<u>25 FTE</u>	<u>23.5 FTE</u>	<u>-1.5 FTE</u>
Total Certificated Counselors	116 FTE	104 FTE	-12 FTE
Eliminate Career Resource Advisors	9.0 FTE	Eliminate	-9.0 FTE
<u>Eliminate Graduation Support Coordinators</u>	<u>7.0 FTE</u>	<u>Eliminate</u>	<u>-7.0 FTE</u>
Total Counseling Services Positions Under Review	132 FTE	104 FTE	-28 FTE (21%)

*Reduce 1.5 FTE from Elementary in shift to formula funding based on Free & Reduced Lunch

Board Inquiries: Counseling Services

High School / Alternative Schools	Before		After		Difference	
	CC	GSC CRA Total	CC	GSC CRA Total	CC	GSC CRA Total
School - ADM		FTE / Ratio		FTE / Ratio		FTE / Ratio

Realign and streamline instructional support Teacher Experts / Consultants

Instructional Support Area	FY13 Budget	FY14 Staffing Level	FY14 v. FY 13 Reduction
Reduce Teacher Experts / Consultants Not Directly Paid for By Schools (or grants) by ~1/4 th to 3/4 th to encourage high quality teachers to find direct classroom instruction opportunities	44.0	29.0	15 FTE Total 12 FTE Net of CAO Central Office Adjustments
1032, 1035, 1036 (C&I)	23.0	20.0	3 FTE* Previously counted in CAO Central Office
1612 (Gifted)	3.0	1.0	2 FTE
1638, 1653, 1655, 1660, 1665 (SPED)	14.0	7.0	7 FTE
<u>1680 (ELL)</u>	<u>4.0</u>	<u>1.0</u>	<u>3 FTE</u>
Total Teacher Expert / Consultants Under Review	44	29	15 (34%)

Realign and streamline instructional support

Ignite Program

Instructional Support Area	FY13 Budget	FY14 Realignment on Classroom	FY14 v. FY13 Reduction
Elementary Ignite Program frequently requires elementary student pull-outs and bus transportation to another location resulting in lost time for students			
Shift delivery model to focus on delivering service to students rather than students to teachers.			
Adjust transportation; streamline testing and evaluation process, shift testing & evaluation from teachers to others		+ transport	
Elementary Ignite Program teacher productivity (student instructional contact hours per teacher) is less than half that of the balance of the Gifted Program (Rogers Park, Romig, West) where the Gifted Program teacher to student contact hour ratio is roughly 33% higher than the general student (comparable to other gifted programs in other districts). <i>Reduce Ignite Program teacher to student ratio toward parity with balance of Gifted Program in the District.</i>	30 FTE	24 FTE	6 FTE (20%)

Reduction in supplies & materials of 20%

with allowance for direct classroom instruction mission critical adjustments

	Millions \$			YOY Pct Chg
	FY1112	FY1213	FY1314	YOY Chg
4020 Textbooks (review reclassifications)	\$ 1.46	2.42	1.15	(1.27)
4030 Library A/V Supplies	0.43	0.45	0.34	(0.11)
4040 Teaching Supplies	5.21	3.46	2.72	(0.74)
4080 Student Activity Supplies	0.15	0.29	0.26	(0.04)
Subtotal¹	7.26	6.62	4.46	(2.15)
4010 Office Supplies	1.48	1.75	1.34	(0.41)
4050 Health Supplies	0.15	0.13	0.11	(0.01)
4060 Meals & Food	0.07	0.07	0.05	(0.02)
Subtotal²	1.70	1.95	1.50	(0.44)
4100 Fuel	1.55	1.46	1.51	0.05
4110 Oil, Grease & Lube	0.09	0.09	0.09	(0.00)
4120 Tires	0.07	0.07	0.07	-
4130 Repair Parts	0.94	0.87	0.90	0.03
4140 Garage Supplies	0.02	0.02	0.02	-
Subtotal	2.68	2.51	2.58	0.08
4200 Custodial Supplies	0.71	0.74	0.61	(0.14)
4250 Bldgs/Grounds Supplies	1.40	1.53	1.20	(0.33)
4260 Warehouse Supplies	0.01	0.01	0.01	-
4880 Self-Insured Supplies	0.00	0.00	0.02	0.02
Subtotal³	2.13	2.28	1.84	(0.44)
TOTAL SUPPLIES & MATERIALS	\$ 13.76	13.35	10.39	(2.96)
Direct classroom instruction "mission critical" adjustments			0.16	
Net Projected Change in Supplies & Materials			(2.80)	

See Board Inquiries:
Textbooks for Budget Authority vs. Expenditure Projection

TOTAL SUPPLIES & MATERIALS	\$ 13.76	13.35	10.39	(2.96)	-22.2%
Direct classroom instruction "mission critical" adjustments			0.16		
Net Projected Change in Supplies & Materials			(2.80)		

FY1213 Baseline

FULL TIME EQUIVALENT POSITIONS (FY1213)													
		Current			400			500			Classified [FTE]		
ORG Code	High Schools + Alternative Schools	FY1314 ADM Proj'd	ALL FUNDS [FTE]	Student / Staff Ratio	400:1 Target [FTE]	Difference [Target-Act]	500:1 Target [FTE]	Difference [Act-Target]	Graduation Support Coordinators (GSC)	Career Resource Advisors (CRA)	Total CC + GSC - CRA	Student / Staff Ratio	
830	East High	2,148	9.6	224	5.4	(4.2)	4.3	(5.3)	1.0	1.0	11.6	185	
850	West High	1,845	8.3	222	4.6	(3.7)	3.7	(4.6)	1.0	1.0	10.3	179	
840	Service High	1,772	6.0	295	4.4	(1.6)	3.5	(2.5)	1.0	1.0	8.0	222	
820	Diamond High	1,707	6.6	259	4.3	(2.3)	3.4	(3.2)	1.0	1.0	8.6	198	
800	Bartlett High	1,671	7.0	239	4.2	(2.8)	3.3	(3.7)	1.0	1.0	9.0	186	
860	South Anchorage	1,462	5.0	292	3.7	(1.3)	2.9	(2.1)	1.0	1.0	6.0	244	
810	Chugiak High	1,151	4.0	288	2.9	(1.1)	2.3	(1.7)	1.0	1.0	6.0	192	
865	Eagle River	887	4.0	222	2.2	(1.8)	1.8	(2.2)	1.0	1.0	5.0	177	
805	King Career Center	497	1.0	497	1.2	0.2	1.0	(0.0)	1.0	1.0	2.0	249	
845	Steller	274	1.0	274	0.7	(0.3)	0.5	(0.5)			1.0	274	
835	S-AVE	247	1.0	247	0.6	(0.4)	0.5	(0.5)	0.5		1.5	165	
88X	Benny Benson	273	2.0	137	0.7	(1.3)	0.5	(1.5)	0.5		2.5	109	
ck sum		13,934	55.5	251	34.8	(20.7)	27.9	(27.6)	7.0	9.0	71.5	195	

Board Inquiries Counseling Services - Baseline

FY 1314 Pro Forma Projection (Salary + Benefits \$000)

		Certified Counselors		Classified		Total [Certificated + Classified]		S/Student [Counseling Services]	
ORG Code	High Schools + Alternative Schools	FY1314 ADM Proj'd	School	S/Student [Certificated Counselors]	Support Coordination	Career Resource Advisors	Total [Certificated + Classified]	S/Student [Counseling Services]	
1830	East High	2,148	1047.4	\$488	99.5	66.6	1213.5	\$565	
1850	West High	1,845	905.5	\$491	99.5	66.6	1071.6	\$581	
1840	Service High	1,772	654.6	\$369	99.5	66.6	820.7	\$463	
1820	Diamond High	1,707	720.1	\$422	99.5	66.6	886.2	\$519	
1800	Bartlett High	1,671	763.7	\$457	99.5	66.6	929.8	\$556	
1860	South Anchorage	1,462	545.5	\$373	0.0	66.6	612.1	\$419	
1810	Chugiak High	1,151	436.4	\$379	99.5	66.6	602.5	\$523	
1865	Eagle River	887	436.4	\$492	0.0	66.6	503.0	\$567	
1805	King Career Center	497	109.1	\$220	0.0	66.6	175.7	\$354	
845	Steller	274	109.1	\$398	0.0	0.0	109.1	\$398	
1835	S-AVE	274	109.1	\$398	49.8	0.0	158.9	\$580	
1880-1	Benny Benson	247	218.2	\$883	49.8	0.0	268.0	\$1,085	
ck sum		13,935	5618.7	\$403	597.0	599.4	6815.1	\$489	

FY1314 PROPOSAL

FULL TIME EQUIVALENT POSITIONS (FY1314)													
CRG Code	High Schools + Alternative Schools	FY1314 ADM Proj'd	Current			PROPOSAL			Classified [FTE]			PROPOSAL Total CC + GSC - CRA [FTE]	Student/Staff Ratio
			ALL FUNDS [FTE]	Student/Staff Ratio	Difference 310:1 Target [FTE]	Difference (Target-Act)	Difference 500:1 Target [FTE]	Difference (Acc-Target)	Graduation Support Coordination (GSC)	Career Resource Advisors (CRA)			
											310:1 Target [FTE]		
830	East High	2,148	9.6	224	6.9	(2.7)	4.3	(5.3)				6.9	310
850	West High	1,845	8.3	222	6.0	(2.3)	3.7	(4.6)				6.0	310
840	Service High	1,772	6.0	295	5.7	(0.3)	3.5	(2.5)				5.7	310
820	Diamond High	1,707	6.6	259	5.5	(1.1)	3.4	(3.2)				5.5	310
800	Bartlett High	1,671	7.0	239	5.4	(1.6)	3.3	(3.7)				5.4	310
860	South Anchorage	1,462	5.0	292	4.7	(0.3)	2.9	(2.1)				4.7	310
810	Chugiak High	1,151	4.0	288	3.7	(0.3)	2.3	(1.7)				3.7	310
865	Eagle River	887	4.0	222	2.9	(1.1)	1.8	(2.2)				2.9	310
805	King Career Center	497	1.0	497	1.6	0.6	1.0	(0.0)				1.6	310
845	Steller	274	1.0	274	0.9	(0.1)	0.5	(0.5)				0.9	310
835	SAYE	247	1.0	247	0.8	(0.2)	0.5	(0.5)				0.8	310
88X	Benny Benson	273	2.0	137	0.9	(1.1)	0.5	(1.5)				0.9	310
ck sum		13,934	55.5	251	44.9	(10.6)	27.9	(27.6)				44.9	310

NOTE: 310:1 Student:Counselor target ratios will be adjusted to round to nearest * practical * fraction. Steller, SAYE and Benny Benson will be rounded to 1 Other schools will be rounded up or down by a few tenths in order to balance the pool and provide individual schools with practical job offers.

FY 1314 Projection (Salary + Benefits \$000)													
CRG Code	High Schools + Alternative Schools	FY1314 ADM Proj'd	CURRENT			PROPOSAL			DIFFERENCE			Total (Certificated + Classified)	\$/Student [Counseling Services]
			School [\$000]	\$/Student [Certificated Counselors]	School [\$000]	\$/Student [Certificated Counselors]	School [\$000]	\$/Student [Certificated Counselors]	School [\$000]	\$/Student [Certificated Counselors]			
											School [\$000]		
1830	East High	2,148	1047.4	\$488	756.0	\$352	(291.4)	(135.7)			0.0	756.0	\$352
1850	West High	1,845	905.5	\$491	649.3	\$352	(256.2)	(138.9)			0.0	649.3	\$352
1840	Service High	1,772	654.6	\$369	623.6	\$352	(31.0)	(17.5)			0.0	623.6	\$352
1820	Diamond High	1,707	720.1	\$422	600.8	\$352	(119.3)	(69.9)			0.0	600.8	\$352
1800	Bartlett High	1,671	763.7	\$457	588.1	\$352	(175.6)	(105.1)			0.0	588.1	\$352
1860	South Anchorage	1,462	545.5	\$373	514.5	\$352	(31.0)	(21.2)			0.0	514.5	\$352
1810	Chugiak High	1,151	436.4	\$379	405.1	\$352	(31.3)	(27.2)			0.0	405.1	\$352
1865	Eagle River	887	436.4	\$492	312.2	\$352	(124.2)	(140.1)			0.0	312.2	\$352
1805	King Career Center	497	109.1	\$220	174.9	\$352	65.8	132.4			0.0	174.9	\$352
845	Steller	274	109.1	\$398	96.4	\$352	(12.7)	(46.2)			0.0	96.4	\$352
1835	SAYE	274	109.1	\$398	86.9	\$317	(22.2)	(80.9)			0.0	86.9	\$317
1880-1	Benny Benson	247	218.2	\$883	96.1	\$389	(122.1)	(494.4)			0.0	96.1	\$389
ck sum		13,935	5618.7	\$403	4903.9	\$352	(714.8)	(51.3)			0.0	4624.4	\$332

Baseline	6,815.1	\$489
Proposal	4,624.4	\$332
Difference	2,190.6	\$157

Board Inquiries

Chief Academic Office: Admin

SCHEDULE 1

SUMMARY OF BUDGETED GENERAL FUND - CHIEF ACADEMIC OFFICER (CAO) ADMINISTRATIVE FUNCTIONS

ORG	OBJ	DESCRIPTION	Millions \$			YOY Pct Chg
			FY1112	FY1213	FY1314	
1006	all	CHIEF ACADEMIC OFFICER (fka ASST SUPT INSTRUCTION)	\$ 0.48	7.99	1.81	(6.18) nm
		<i>Reclassification of "CAO ORG CODE 1006" line items from "Unallocated 3980" to functional categories and multi-year amortization schedule for trend analysis</i>		(7.51)	(1.10)	6.41 nm
1030, 1031, 1032	all	SCHOOL ADMIN (fka High School, Elementary, Middle School)	2.18	1.83	1.07	(0.76) -41.5%
Subtotal CAO Admin			2.65	2.31	1.78	(0.53) -22.9%

Board Inquiries

>Chief Academic Office: Strategic Initiatives

SCHEDULE 2B

PROJECTED BUDGET AUTHORITY & ANNUAL EXPENDITURES - STRATEGIC INITIATIVES CURRICULUM & INSTRUCTION

ORG	OBJ	DESCRIPTION	Millions \$						TOTALS
			1	2	3	4	5	6	
BUDGET AUTHORITY									
1006	3980	Math Curriculum	\$ 5.00						\$ 5.00
1006	3980	Response to Instruction	\$ 1.20						\$ 1.20
1006	3980	Common Core Alignment	\$ 0.41						\$ 0.41
1006	4020	Textbooks - Biology	\$ 0.90						\$ 0.90
1006	3980	Incremental C&I Support	\$ -	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10	\$ 1.10	\$ 6.60
1099		Encumbrance Carry-Forward Realignment	\$ 1.00						\$ 1.00
Title II Professional Dev't Realignment on Strategic Initiatives			\$ 1.80	\$ 1.76	\$ 1.73	\$ 1.69	\$ 1.66	\$ 1.63	\$ 10.27
Total Budget Authority			\$ 8.51	\$ 2.90	\$ 2.86	\$ 2.83	\$ 2.79	\$ 2.76	\$ 25.39

ANNUAL EXPENDITURE PROJECTIONS

MATH CURRICULUM [Including PD]	\$ 3.10	\$ 1.24	\$ 0.94	\$ 0.70	\$ 0.65	\$ 0.65	\$ 0.65	\$ 0.65	\$ 7.92
RESPONSE TO INSTRUCTION - DATA DRIVEN SUPPORT SYSTEMS	\$ 0.45	\$ 0.67	\$ 0.67	\$ 0.30	\$ 0.30	\$ 0.30	\$ 0.59	\$ 0.30	\$ 3.26
RESPONSE TO INSTRUCTION - CURRICULUM (Language Arts, Behavior/SEL, etc.)	\$ 0.30	\$ 0.30	\$ 0.30	\$ 0.30	\$ 0.30	\$ 0.30	\$ 0.30	\$ 0.30	\$ 2.10
RESPONSE TO INSTRUCTION - PROFESSIONAL DEVELOPMENT	\$ 0.61	\$ 1.51	\$ 1.51	\$ 1.36	\$ 1.36	\$ 1.36	\$ 1.36	\$ 1.36	\$ 9.09
COMMON CORE ALIGNMENT	\$ 0.40	\$ 0.40							\$ 0.80
BIOLOGY TEXTBOOKS & MATERIALS	\$ 0.40	\$ 0.80	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20	\$ 0.20	\$ 2.20
Total Expenditure Projection	\$ 5.26	\$ 4.92	\$ 3.62	\$ 2.86	\$ 2.81	\$ 3.10	\$ 2.81	\$ 2.81	\$ 25.38
CFY Budget - CFY Expense	\$ 3.25	\$ (2.02)	\$ (0.76)	\$ (0.03)	\$ (0.01)	\$ (0.34)	\$ (0.08)	\$ (0.08)	\$ 0.01
PYB Carryforward Balance	\$ 3.25	\$ 1.23	\$ 0.47	\$ 0.44	\$ 0.43	\$ 0.09	\$ 0.09	\$ 0.01	

Board
Inquiries
>Chief
Academic
Office:
Textbooks

SCHEDULE 6

SUMMARY OF GENERAL FUND BUDGET & PROJECTED EXPENSES - TEXTBOOKS

BUDGET AUTHORITY	Dollars				YOY Pct Chg
	FY1112	FY1213	FY1314	YOY Chg	
Obj					
4020 TEXTBOOKS					
Admin (1001-1099)	550	960,550	40,440	(920,110)	nm
Elementary (1100-1418)	837,044	873,016	658,159	(214,857)	-25%
Polaris (1450)	4,882	5,694	4,063	(1,631)	-29%
Charter (1500-1599)	227,402	169,000	170,000	1,000	1%
SPED (1600s)	10,612	13,912	14,100	188	1%
Gifted (1612)	53,385	40,000	35,000	(5,000)	-13%
ELL (1680)	5,925	8,000	1,000	(7,000)	-88%
Middle (1700s)	55,773	66,551	34,419	(32,132)	-48%
High (1800s)	249,682	252,937	176,852	(76,085)	-30%
Alternative (1800s)	16,346	25,850	13,000	(12,850)	-50%
Subtotal - Budget Authority	1,461,601	2,415,510	1,147,033	(1,268,477)	-53%

Reclassification & Timing Adjustments from Budget to Projected Expense Levels - Textbooks	FY1314 vs.	2 Yr Chg
	FY1112	
Reclassification from 1006-3980		
Math Textbooks	2,400,000	167,000
RTI Curriculum Mat'ls	300,000	300,000
Subtotal	2,700,000	300,000
Adjustment to Reflect Expense Timing		
Biology Textbooks & Materials	(500,000)	500,000
Total Projected Expense Levels	1,461,601	1,814,033
		352,432
		24%

Board Inquiries Career & Technical Education (CTE) Allocations

SCHEDULE 3 SUMMARY OF BUDGETED GENERAL FUND CAREER & TECHNICAL EDUCATION

ORG	OBJ	Description	Millions \$			YOY Pct Chg
			FY1112	FY1213	FY1314	
1044	Admin	Central Office CTE Support				
		Career Technology Admin	0.22	0.23	0.01	4%
1044	Advisors	CTE Instruction	0.06	0.60	0.54	874%
1044	Teachers	CTE Instruction	1.87	0.29	(1.57)	-84%
1044	Unallocated	CTE Instruction	1.10	0.00	(1.10)	-100%
1044	Suppl. Matls. Eqp.	CTE Instruction	0.38	0.85	0.48	125%
1044	Transport	CTE Transport	0.45	0.25	(0.20)	-44%
1044	ALL	Subtotal	0.00	2.23	(0.56)	-45%

ORG	OBJ	Description	FY1112	FY1213	FY1314	YOY Pct Chg
		Distributed CTE Support				
1665	CTE	SPED Secondary Voc Ed	0.97	0.99	1.11	11.5%
1667	CTE	ALT CTE Voc Ed	0.26	0.27	0.30	11.6%
1800	CTE	Bartlett Voc Ed	0.27	0.18	0.21	13.7%
1805	S+B	King Career Center Voc Ed	3.29	2.52	2.93	0.40
1805	noted 1390 S+B	King Career Center Voc Ed	1.68	2.36	2.18	(0.18)
1810	CTE	Chuglak Voc Ed	0.37	0.27	0.30	0.03
1820	CTE	Dimond Voc Ed	0.41	0.18	0.20	0.02
1830	CTE	East Voc Ed	0.34	0.27	0.30	0.03
1835	CTE	SAVE Voc Ed	1.04	0.90	0.45	(0.45)
1840	CTE	Service Voc Ed	0.40	0.18	0.20	0.02
1848	CTE	Summer School	0.27			
1850	CTE	West Voc Ed	0.41	0.27	0.30	0.03
1860	CTE	South Anchorage Voc Ed	0.58	0.18	0.20	0.02
1865	CTE	Eagle River Voc Ed	0.53	0.18	0.20	0.02
1880, 1881	CTE	Benson/Search Voc Ed	1.41	1.31	0.71	(0.61)
TOTAL CAREER & TECHNICAL EDUCATION			\$ 12.24	14.16	11.83	(2.33)
						-16.5%

1390	Actual Expenditures YTD (Mid January)	2.58	2.67
	Pct of Budget	21%	19%
	Pct of Year	56%	56%
	(Under) / Over Expended vs. Pct of Year	-34%	-37%
		pct pts	pct pts

NOTES:

- FY1314: King Career Center Voc Ed other than 1390 S+B, is among the group of schools who have asked for relief from the 20% reduction in supplies and materials and is in line for relief based on mission critical need.
- While SAVE CTE allocation is reduced, SAVE's overall total certified teaching staff ratio is 1.64 X staffing ratio indicated by basic PTR guidance.
- While the Benson/S.E.A.R.C.H CTE allocation is reduced, Benson / SEARCH's overall total certified teaching staff ratio to 2.4 X staffing, indicated by basic PTR guidance.
The year over year increase of approximately 11.6% for many schools and programs is associated with a switch from the use of an average pooled salary for all teachers to an average pooled salary for each object code - with no change in the number of CTE teachers allocated outside of the PTR guidance. The average pooled teacher salary in FY1213 was \$66,600. The average pooled "CTE" teacher [1390] salary in FY1314 is projected at \$74,303, an 11.6% increase.

Board Inquiries

Audio/Visual & MIS/IT Merger

SCHEDULE 4 SUMMARY OF BUDGETED GENERAL FUND A/V SERVICES + MIS/IT

		Millions \$							YOY Pct	
		FY0708	FY0809	FY0910	FY1011	FY1112	FY1213	FY1314	Chg	
Personnel Services										
1039	Management Information Technology (MIS) / Information Technology (IT)	\$ 4.852	\$ 5.384	\$ 6.578	\$ 7.445	\$ 9.295	\$ 9.131	\$ 10.081	\$ 0.950	10.4%
1052	Audio Visual Services	\$ 1.023	\$ 0.935	\$ 0.992	\$ 1.067	\$ 1.060	\$ 1.029	\$ 0.138	\$ (0.891)	-86.6%
	Subtotal	\$ 5.875	\$ 6.319	\$ 7.570	\$ 8.512	\$ 10.355	\$ 10.160	\$ 10.219	\$ 0.059	0.6%
Other Than Personnel Services (OTPS)										
1039	Management Information Technology (MIS) / Information Technology (IT)	\$ 3.808	\$ 3.971	\$ 6.848	\$ 4.940	\$ 5.736	\$ 5.523	\$ 3.862	\$ (1.661)	-30.1%
1052	Audio Visual Services	\$ 0.304	\$ 0.314	\$ 0.337	\$ 0.296	\$ 0.296	\$ 0.306	\$ 0.192	\$ (0.114)	-37.3%
	Subtotal	\$ 4.112	\$ 4.285	\$ 7.185	\$ 5.236	\$ 6.032	\$ 5.829	\$ 4.054	\$ (1.775)	-30.5%
	TOTAL MIS/IT + A/V PS + OTPS Merged Svcs	\$ 9.987	\$ 10.604	\$ 14.755	\$ 13.748	\$ 16.387	\$ 15.989	\$ 14.273	\$ (1.716)	-10.7%

		FTE							YOY Pct	
		FY0708	FY0809	FY0910	FY1011	FY1112	FY1213	FY1314	Chg	
Personnel Services										
1039	Management Information Technology (MIS) / Information Technology (IT)	56.5	59.5	65.5	71.0	95.5	91.5	96.0	4.5	4.9%
1052	Audio Visual Services	13.0	11.0	11.0	11.5	11.0	10.0	2.0	(8.0)	-80.0%
	TOTAL MIS/IT + A/V Merged Services	69.5	70.5	76.5	82.5	106.5	101.5	98.0	(3.5)	-3.4%

		\$ per FTE							YOY Pct	
		FY0708	FY0809	FY0910	FY1011	FY1112	FY1213	FY1314	Chg	
Personnel Services										
1039	Management Information Technology (MIS) / Information Technology (IT)	\$ 85,876	\$ 90,487	\$ 100,424	\$ 104,859	\$ 97,330	\$ 99,792	\$ 105,010	\$ 5,218	5.2%
1052	Audio Visual Services	\$ 78,692	\$ 85,000	\$ 90,182	\$ 92,783	\$ 96,364	\$ 102,900	\$ 69,000	\$ (33,900)	-32.9%
	TOTAL MIS/IT + A/V Merged Services	\$ 84,532	\$ 89,631	\$ 98,952	\$ 103,176	\$ 97,230	\$ 100,099	\$ 104,276	\$ 4,177	4.2%

NOTES:
 1 MIS/IT picked up 24 positions that were shifted from ARRA to General Fund in FY1112. Four of those positions were eliminated in FY1213. Another 3.5 of those positions are being eliminated through attrition in FY1314. Balance remaining after FY1314 = 16.5 FTE.

Board Inquiries

Custodial Services Centralization & Reconfiguration [Org Code: 1061]

SCHEDULE 5

SUMMARY OF BUDGETED GENERAL FUND - CUSTODIAL SERVICES

		Millions \$			YOY Pct Chg
		FY1112	FY1213	FY1314	YOY Chg
		3.960	4.083	18.359	nm

CUSTODIAL SERVICES

ORG OBJ 1061 ALL Custodial Services [Central Admin]
 Centralize previously distributed personnel and other than personnel support

PREVIOUSLY DISTRIBUTED CUSTODIAL PERSONNEL

1061 1701 Salaries (budgeted in 1061)
 Schools 1701 Salaries (budgeted in other than 1061)
 ALL 1701 Custodians

		Millions \$	
\$	0.575	\$ 0.649	\$ 11.501
\$	11.251	\$ 11.359	\$ -
\$	11.826	\$ 12.008	\$ 11.501 (0.507)

1061 1701 Custodial FTE budgeted in 1061
 Schools 1701 Custodial FTE budgeted in Schools, etc.
 ALL 1701 Custodians

		FTE	
	25.50	25.50	331.30
	342.30	342.30	0.00
	367.80	367.80	331.30 (36.50)

1061 1701 Custodial FTE budgeted in 1061
 Schools 1701 Custodial FTE budgeted in Schools, etc.
 ALL 1701 Custodians

		\$ per FTE	
	22,549	25,451	34,715
	32,869	33,184	34,715
	32,153	32,648	2,057 6.3%

NOTES:

1 Leave accrual's were underestimated and underbudgeted in FY1112 and FY1213. Leave accrual's have been adjusted to reflect current best estimates. The difference is an increase of roughly \$0.7 million in FY1314 relative to FY1213.

Board Inquiries

>Special Services Health Services [Org Code = 1673]

SUMMARY OF BUDGETED GENERAL FUND Special Services - Health Services

	Millions \$				YOY Pct Chg
	FY1112	FY1213	FY1314	YOY Chg	
1673 Special Services - Health Services					
Administrative Office	\$ 0.342	\$ 0.356	\$ 0.360	\$ 0.004	1.3%
Health Treatment Specialists	\$ 0.443	\$ 0.435	\$ 0.436	\$ 0.001	0.2%
TA - Nurse Assistants	\$ 0.022	\$ 0.023	\$ -	\$ (0.023)	-100.0%
Elementary School Nurses	\$ 4.068	\$ 4.163	\$ 4.414	\$ 0.252	6.0%
→ Substitutes + Added Days	\$ 0.171	\$ 0.182	\$ 0.305	\$ 0.123	67.3%
Benefits	\$ 2.066	\$ 2.170	\$ 2.242	\$ 0.072	3.3%
Other than Personnel Services	\$ 0.089	\$ 0.074	\$ 0.063	\$ (0.011)	-15.2%
TOTAL SPEC SVCS - HEALTH SVCS	\$ <u>7.201</u>	\$ <u>7.403</u>	\$ <u>7.820</u>	\$ <u>0.418</u>	5.6%
Correct double count from substitutes + added days in FY1314			\$ (0.105)		
→ Corrected Substitutes + Added Days	\$ <u>0.171</u>	\$ <u>0.182</u>	\$ <u>0.200</u>	\$ <u>0.018</u>	9.7%
TOTAL SPEC SVCS - HEALTH SVCS	\$ <u>7.201</u>	\$ <u>7.403</u>	\$ <u>7.715</u>	\$ <u>0.313</u>	4.2%

NOTES:

- 1 Reduce one TA Nurse Assistant from 1673
- 2 The budget for elementary school nurses has increased from \$66,600 [FY1213], an all teacher pool budget estimate, to \$70,629 [FY1314] a nurse only salary pool. The number of elementary school nurse FTE remains unchanged at 62.5
- 3 Correct double count in substitutes + added days

Board Inquiries

>Nurses [Obj. Code = 1240]

SUMMARY OF BUDGETED GENERAL FUND NURSE SALARIES

	Millions \$				YOY Pct Chg
	FY1112	FY1213	FY1314	YOY Chg	
1240 NURSES					
Elementary Schools	\$ 4.068	\$ 4.163	\$ 4.414	\$ 1.060	6.0%
Polaris K-12	\$ 0.065	\$ 0.067	\$ 0.071	\$ 1.060	6.0%
Charter Schools	\$ 0.097	\$ 0.084	\$ 0.114	\$ 1.352	35.2%
Middle Schools	\$ 0.652	\$ 0.666	\$ 0.706	\$ 1.060	6.0%
High Schools	\$ 0.587	\$ 0.599	\$ 0.636	\$ 1.060	6.0%
Alternative Schools	\$ 0.196	\$ 0.200	\$ 0.212	\$ 1.060	6.0%
TOTAL NURSES	\$ 5.665	\$ 5.779	\$ 6.153	\$ 0.374	6.5%

NOTES:

1 Average Salary increase from \$66,600 in FY 2012-2013 to \$70,629 in FY 2013-2014 [+6%]

2 FTE increase for Charter Schools by 0.4 FTE; 1.4 to 1.8 FTE [+35%]

SUMMARY OF BUDGETED GENERAL FUND - SPECIAL EDUCATION

	Millions \$			YOY Pct Chg
	FY1112	FY1213	FY1314	
SPECIAL SERVICES / SPECIAL EDUCATION				
ATTENDANCE CENTER				
[Org Codes 1601-1679, not including 1612]				
110 SALARIES	\$ 68.025	\$ 68.274	\$ 71.406	4.6%
210 EMPLOYEE BENEFITS	\$ 35.140	\$ 35.902	\$ 37.437	4.3%
310 PURCHASED SERVICES	\$ 1.756	\$ 1.485	\$ 1.473	-0.8%
410 SUPPLIES AND MATERIALS	\$ 0.477	\$ 0.487	\$ 0.426	-12.5%
510 CAPITAL OUTLAY	\$ 0.087	\$ 0.090	\$ 0.064	-28.9%
TOTAL SPECIAL EDUCATION	\$ 105.485	\$ 106.238	\$ 110.806	4.3%
RECLASSIFICATION OF ELEMENTARY NURSES FROM SPED TO ELEMENTARY SCHOOLS [S-B]	\$ (5.492)	\$ (5.640)	\$ (6.003)	
DIRECT ASSIGNMENT OF UNALLOCATED PERSONNEL REDUCTIONS [TAs+CTs in 1099 Unallocated] TO SPECIAL EDUCATION SPECIFIC ATTRITION [S-B]			\$ (4.287)	
TOTAL SPECIAL EDUCATION	\$ 99.993	\$ 100.598	\$ 100.515	-0.1%

NOTES:

- 49 FTE SPED TA position reductions were booked to 1099 in initial budget compilation; they are directly assigned in this presentation to enable trend analysis
- 9 FTE SPEC Counselor position reductions were booked to 1099 in the initial budget compilation; the are directly assigned in this presentation to enable trend analysis. NOTE WELL: All Counselors are expected to provide counseling services to all students in FY1314; consistent with prior practice. SPED student counseling services will have a larger pool of resources on which to draw.
- If TA attrition continues on trend and is captured in managed attrition, total TA managed attrition reduction between FY1213 to FY1314 is projected at \$5.4 M. The proposed budget adds back roughly \$1.1 million on top of TA attrition trend line.

**Board
Inquiries
>SPED
[Attendance
Center:
1600-1679,
not including
1612]**

SUMMARY

- FY1314 continues the realignment on:
 - Strategic Initiatives [Math, Instruction, Standards]
 - Classroom Instruction
 - Reduces support functions in order to balance budget under a flat revenue outlook

ANCHORAGE SCHOOL DISTRICT
ANCHORAGE, ALASKA

ASD MEMORANDUM #54 (2012-2013) As amended and approved

November 15, 2012

TO: SCHOOL BOARD

FROM: OFFICE OF THE SUPERINTENDENT

SUBJECT: FISCAL YEAR 2013-2014 PRO FORMA FINANCIAL PLANNING

ASD Core Value: *The district will be open, transparent and accountable to the public*

RECOMMENDATION:

It is the Administration's recommendation that the School Board approve and authorize the Superintendent to prepare the Anchorage School District's FY 2013-2014 Preliminary Financial Plan in accordance with the financial projections set forth in this memorandum.

The budget for FY 2013-2014 is to be established for planning purposes with projected revenues not-to-exceed \$832 million.

PERTINENT FACTS:

Introduction

This memorandum outlines the financial planning considerations that will be used to develop the FY 2013-2014 Preliminary Financial Plan.

This represents a reduction of \$10.6 million, or 1.1 percent, from the FY 2012-2013 pro forma planning memo [\$842.6 million].

The financial planning considerations outlined in this memorandum reflect the consideration of the long range revenue and expense outlook developed in *draft* Pro Forma Financial Planning Guidance memorandum presented to the Board at the early meeting on November 5th, 2012.

This includes individual fund budgets currently projected as follows:

<u>Fund</u>	(millions)		Percent of Fund			
	FY 2013-2014 Financial Plan	Local		State	Federal	
		Taxes	Other			
General	\$ 569.7	34%	1%	62%	3%	
Food Service	17.7		25%		75%	
Grants	41.8		1%	6%	93%	
Operating Expenditures	629.2					
Debt Service	85.2	47%		53%		
Operating + Capital Expenditures	714.4					
State Retirement System On-Behalf Payments	117.6			100%		
Total - All Funds	\$ 832.0					
Percent of Revenue Sources to Total		28%	1%	63%	8%	

Under the flat local and state revenue projection, the implementation of the federal Budget Control Act of 2011 [Sequestration + Expiration of Tax Cuts], and the historic trend line in salary, wages and other expenses, **OMB estimates that the financial gap between revenues and expenditures will grow to roughly \$140 million in six years if current year staffing levels remain unchanged.**

This memorandum presents financial planning considerations that will be used in developing the **FY 2013-2014 Preliminary Financial Plan**. In preparing the budget for the 2013-2014 fiscal year, OMB updates revenue projections and reviews the expenditure trend line if current staffing levels are maintained to assess the potential financial gap between projected revenues and trend line expenditures.

The current trend line analysis yields a financial gap of approximately \$25 million.

Key Considerations to Close the Gap

- Reduce health plan cost growth to inflation
- Adjust staffing levels to reflect long term revenue outlook while maintaining direct classroom instruction and continuing alignment with Board policy and the District Strategic Plan, Destination 2020
- Deploy fund balance for one-time strategic Board initiatives

Additional decisions incorporated inside this recommendation are specified in Appendix 1, Pro Forma Key Policy Decisions.

Health Care Benefit Cost Growth

The cost to the District for group medical insurance for the majority of its employees has increased from \$10,680 to \$16,620 per year per employee over the past five years – a compound annual growth rate of 9.2% - which is 6.8% above inflation.

On the current trend line, health plan costs are on track to reach \$28,180 per employee in six years. If all of the group health plan pools were to hold health plan cost growth at inflation, the cost per employee could be held to \$19,270 – representing a savings of \$8910 per employee. With roughly 5,200 employees covered by group health plan pools over the time period, the total savings in year six could amount to \$45 million in FY 2018-2019 and represent a cumulative savings over the next six years of \$147 million.¹

But bending the health plan cost curve to inflation will not be a trivial task and is likely to take a few years to yield savings. In the budget submission for January, the administration will present a business plan aimed at reducing health plan cost growth to inflation over the next few years. Among other things, the administration will explore opportunities to pool our health plan resources with other health plans, including the State of Alaska and other school districts, who are engaged in efforts to:

- improve the scale and efficiency of the health insurance pools
- increase focus on high value health service delivery, and
- encourage more active engagement of beneficiaries in their own health care

Finally, the administration will, in collaboration with the District's Health Benefit Task Force, review the health plan reserves and stop loss coverage of the Anchorage School District health plan to determine whether, in light of current and future efforts to bend the health plan cost curve to inflation, there may be an opportunity to reduce reserves over time while maintaining adequate stop loss coverage, mitigating the long term financial gap.

Staffing Level Challenges In Light of Flat to Declining Revenue

Introduction

Over the prior twelve years, enrollment fell 1.5%, while the number of employees grew 12.8% [All Operating Funds: General Fund + Food Service + Grants].

Comparing the current to prior fiscal years [FY 2011-2012 to FY 2012-2013], the number of budgeted positions was reduced by 3%. General fund positions were reduced by 2%

¹ At an estimated aggregate average salary + benefit cost of \$82,190 beginning in FY 2013-2014, holding health plan cost growth to inflation amounts to a total potential savings of 1,614 employee-years, or roughly 20,000 student-years over the six year planning horizon.

while grant funded positions fell by 25% - primarily as the result of the expiration of ARRA funded positions and the wind down of the Jobs Bill support.²

Federal Funding

OMB projects that federal revenue will decline from \$91 million in FY 2011-2012 to \$70 million in FY 2013-14.³ A significant factor in the continued reduction in federal funding is the anticipated implementation under current law of the Budget Control Act of 2011 which will result in a combination of direct reductions in federal revenue, and indirect effects associated with enrollment reductions associated with declining employment.⁴

State Funding

OMB projects that state revenue will remain essentially flat from FY 2012-2013 to FY 2013-2014, the net effect of a decline in enrollment associated with federal sequestration, an offset in the state foundation formula for the anticipated loss of federal impact aid, a reduction in supplemental and discretionary grants, and an increase for inflation in the per student allocation for Transportation.⁵

Local Funding

OMB projects that, after taking into account the reduction in local funding associated with SB182, which reduces the maximum amount of local tax effort allowed under the State Public School Funding Formula by roughly \$8 million, local tax revenue will increase roughly \$0.4 million associated with prior year increases in local property valuations. Other non-tax local revenues are expected to remain flat, the net result of flat interest earnings, declines in facility rentals and activity fees, and a slight increase in e-rate reimbursements.

Combination of Federal + State + Local Revenue + Trend Growth in Salary & Benefits

The net effect of flat to declining revenue and continued growth in salary and benefits present a \$25 million financial gap in FY2013-2014.

² See page 73 and page 74 of the Comprehensive Annual Financial Report, FY ending June 30, 2012 for the relative size of the "Education Jobs Fund" and "American Recovery and Reinvestment Act (ARRA)" expenditures.

³ See Appendix 3A.

⁴ See Appendix 3A

⁵ Please note that in prior years, the Pro Forma memoranda did not include potential supplemental and discretionary grants from the Legislature. OMB has included a \$6 million placeholder based on a high level reconnaissance review of the past five years tempered by a declining revenue outlook for the State. In addition OMB is measuring the change in state revenue from the post-legislative session approved FY 2012-2013 budget to the FY 2013-2014 projection period. This subsumes a shift of approximately \$8 million in support from local taxes to the state foundation formula associated with SB182 which occurred after last year's Pro Forma memorandum was written.

Over the next six weeks, the administration will work to close that gap. The administration will endeavor to maintain direct classroom instruction to the extent possible while carefully reviewing opportunities to consolidate and realign support functions across the organization through the active management of vacancies and reductions and realignments in positions through attrition.

Pupil To Teacher Ratio

The current Board pupil to teacher ratio (PTR) guidance is projected to result in *basic* direct classroom instruction teacher FTE of 1828 which equates to roughly \$177.9 million at trend line salary and benefits.⁶

If the PTR guidance is rounded up, there are slightly more students per teacher in aggregate and, all other things being equal, fewer teachers are required to serve the same population of students. Rounding up reduces the projected expenditures by about \$4 million.

If the PTR guidance is rounded down, there are slightly fewer students per teacher in aggregate and, all other things being equal, a few more teachers are required to serve the same population of students. Rounding down increases the projected expenditures by \$2.2 million.

The administration recommends rounding down all grades to establish the new baseline PTR goal. The net result will be an increase of 14 Elementary teachers, two middle school and seven high school teachers, for a total of 1851 FTE.

Vacancy Rate & Attrition Management

In prior years, the combination of the management of the vacancy rate and reductions in staffing levels through attrition may have been able to yield on the order of \$6.3 million in salaries and benefits in what the FY 2012-2013 approved financial plan characterized as an "attrition adjustment."

However, historic vacancy rates and the potential to reduce cost growth through attrition appear to be declining as many heretofore more transient or part-time employees are seeking and holding on to more stable employment in the face of continued reductions in federal grant funds, elimination of summer school employment, a large reduction in summer seasonal employment, and reductions in part time employment opportunities.⁷

⁶ See Appendix 4C, pages 18 & 19. Also note that the PTR guidance is a baseline teacher pool that does not include certain separate pools, including Elementary physical education, health, music, art, and world languages Teachers, and TAs and Librarians across all levels (Elementary, Middle, High, Alternative, Special and Charter).

⁷ Among other things, it may be useful to consider that while overall nonfarm wage and salary employment has been flat year over year in Alaska, seasonally adjusted construction sector employment

The administration will continue to review vacancy rates and emerging attrition opportunities and delineate the extent to which those opportunities will be used to close the \$25 million gap in FY 2013-2014.

In addition, the administration is reviewing and updating the staffing level benchmarking and organizational structure analysis initiated in the Council of Great City Schools report in June 2012 as part of the effort to streamline support functions across the organization.

The combination of management of health plan costs and reserves, vacancies, potential attrition opportunities, and streamlining of support functions across the organization may yield on the order of \$12 million in FY 2013-2014, there remains a \$12 million gap.

Fund Balance

A portion of the financial gap can be bridged using fund balance to the extent that:

- the fund balance remains adequate to sustain the District through annual cash flow cycles, which may become more uncertain with the implementation of the Budget Control Act of 2011
- the purposes to which the fund balance is deployed are limited to the one-time up-front investment portion of strategic Board initiatives

Historically, the school board has recommended a sustained level of unassigned fund balance between 3.25 and 3.5% of General Fund.

The district's unassigned fund balance for the General Fund is roughly \$23.7 million, or roughly 4% of projected annual General Fund expenditures at the trend line.

In addition to consideration of the unassigned fund balance of \$23.7 million and health insurance reserves previously mentioned, the administration will review the nature and extent of the items in the assigned fund balance of \$57.5 million to ascertain whether some of the previously assigned encumbrances within the assigned category may be reprogrammed for the one time investment for strategic board initiatives, e.g., initial investment phases of response to instruction and common core initiatives.⁸

Assuming the combination of unassigned fund balance and previously assigned fund balance encumbrances that could be reprogrammed to higher priorities might total \$28 million and the Board wishes to maintain a cap on unassigned and reprogrammable fund balance at 3.5% of total general fund expenses [\$20.8 million] in order to avoid

in Alaska fell by 15-20% year over year [U.S. Bureau of Labor Statistics, April – September 2012 vs. April – September 2011].

⁸ See p. 35 of the CAFR (FYE June 30, 2012) for a list and description of the fund balance as of June 30, 2012.

excessive under deployed financial resources, it may be prudent to consider **using up to \$7 million in fund balance for the one time up-front investment portion of strategic board initiatives supporting Destination 2020.**

After all of the foregoing considerations, the balance remaining on the fiscal gap may be on the order of \$5 million.

SUMMARY

The administration will endeavor to continue its evaluation of all programs to ensure continued alignment with the overall goals and initiatives of the school district. Our assumptions in preparing these initial FY 2013-2014 projections are based on, but not limited to, the following criteria:

- Balanced budget for presentation to the Anchorage Assembly—expenditures equal revenues
- Local property taxes—no increase in the mill rate beyond the maximum local contribution allowed under the State of Alaska Public School Funding Program
- Alaska Public School Funding Program—no change in the base student allocation of \$5,680; 20 percent special needs [list descriptors] funding factor; and 1.5 percent CTE funding
- Quality schools grant—no increase to per pupil amount of \$16
- Transportation - increase in the per pupil rate from \$449 to \$456
- State reimbursement funding for the Certificated and Classified Retirement Systems based on the Alaska Retirement Management Board rates projected by their latest Actuarial Reports [Buck Consultants, July 2012]
- Federal grant revenues will decline by roughly 8% with the implementation of the Budget Control Act of 2011 [Sequestration]
- The implementation of the Budget Control Act of 2011 [Sequestration + Expiration of Tax Cuts] will result in a net reduction of approximately 1.5% to 3.0% of State GDP over the next two to three years and is likely to result in associated reductions, with a lag, in employment and enrollment
- Continuation or expansion of programs to be funded within existing resources
- The use of up to \$7 million in fund balance will be limited to the one time up-front investments in realignment necessary to implement the strategic initiatives of the Board, e.g., Response to Instruction, Common Core and Destination 2020.

Attachments

JB/CS/MF

Prepared by: Mark Foster, Executive Director, Office of Management Budget

Approved by: Chad Stiteler, Chief Financial Officer

Appendixes

1. Pro Forma Planning Key Policy Decisions
2. Pro Forma Planning State Revenue Forecast
 - a. State of Alaska Oil Revenue Forecast
3. Pro Forma Planning Federal Revenue Forecast Budget Control Act of 2011
 - i. Federal Sequestration:
 1. Direct grant revenue: -8%
 2. Employment and gross state product: -1.5% to -3.0%
 - ii. Expiration of Tax Reductions
 1. Gross state product: -1.0%
4. Pro Forma Planning Expense Drivers
 - a. Salary & Benefits Trend Line
 - b. Staffing Levels
 - i. Trend Line
 - ii. Functional Analysis
 - iii. Draft CGCS staffing comparable quartile analysis
 - c. Pupil Teacher Ratio Guidance
 - i. Current PTR, Round Up, Round Down, Combination Options
5. Long Run Fiscal Gap
 - a. Magnitude of Challenge to Close the Emerging Gap
 - i. Expense trend line fiscal gap under Flat local + state base student allocation, federal sequestration/tax reduction expiration scenario
 - ii. Basic options to bring expense trend line down to flat revenue scenarios
 1. Build, hold, reduce
 - a. Direct classroom instruction [primarily, but not exclusively TRS]
 - b. Support functions [primarily, but not exclusively PERS]

APPENDIX 1: Pro Forma Planning Key Policy Assumptions

1. Federal Revenue
 - 1.1. Full implementation of Budget Control Act of 2011
 - 1.1.1. Federal Sequestration
 - 1.1.1.1. 8% reduction in federal spending
 - 1.1.1.2. 1.5% reduction in employment growing to 3%
 - 1.1.1.3. Concurrent reductions in enrollment
 - 1.1.2. Expiration of Tax Cuts
 - 1.1.2.1. \$500-\$600 million increase in taxes; ~1% reduction
 - 1.2. Monitor continuing developments for potential partial implementation
 - 1.3. Identify, on a case by case basis, potential opportunities to rebalance general fund resources to backfill the loss of federal funding, mindful of the risk that additional state and local support may be difficult to reduce if and when federal funding may be forthcoming
2. State Revenue
 - 2.1. Assume \$5680 Base Student Allocation
 - 2.2. Incorporate \$6 million state supplemental into baseline
 - 2.3. Assume enrollment declines associated with the implementation of the Budget Control Act of 2011 will begin in FY 2013-2014 and continue through following years
 - 2.4. Pupil transportation reimbursement increase of 1.5%, from \$449 to \$456 (SB182)
 - 2.5. State continues to make "on-behalf" payments for TRS and PERS retirement system liabilities, holding the percentage contribution from school districts at the same level
 - 2.6. State continues to reimburse school districts at the same level for eligible capital improvement programs
 - 2.7. State continues to provide energy efficiency grants and loans that enable school districts to make energy efficiency investments which reduce the long term exposure to increased natural gas and electricity rates
3. Local Revenue
 - 3.1. Assume reduction from prior years of approximately \$8 million associated with reduction in Maximum Allowable Local Tax Contribution under the State Public School Funding Program (SB182)
 - 3.2. Preliminary estimated **reduction in mill rate for School District** general fund and debt service **from 7.57 in current year to 7.345 in preliminary pro forma projection** for FY 2013-2014
 - 3.3. Potential reductions in local property taxes associated with implementation of Budget Control Act of 2011 on January 1, 2013 begin to roll through the economy and property tax valuations beginning in January 1, 2014 which in turn

begin to roll through the State Public School Funding Program Maximum Allowable Local Tax Contribution in FY 2015-2016

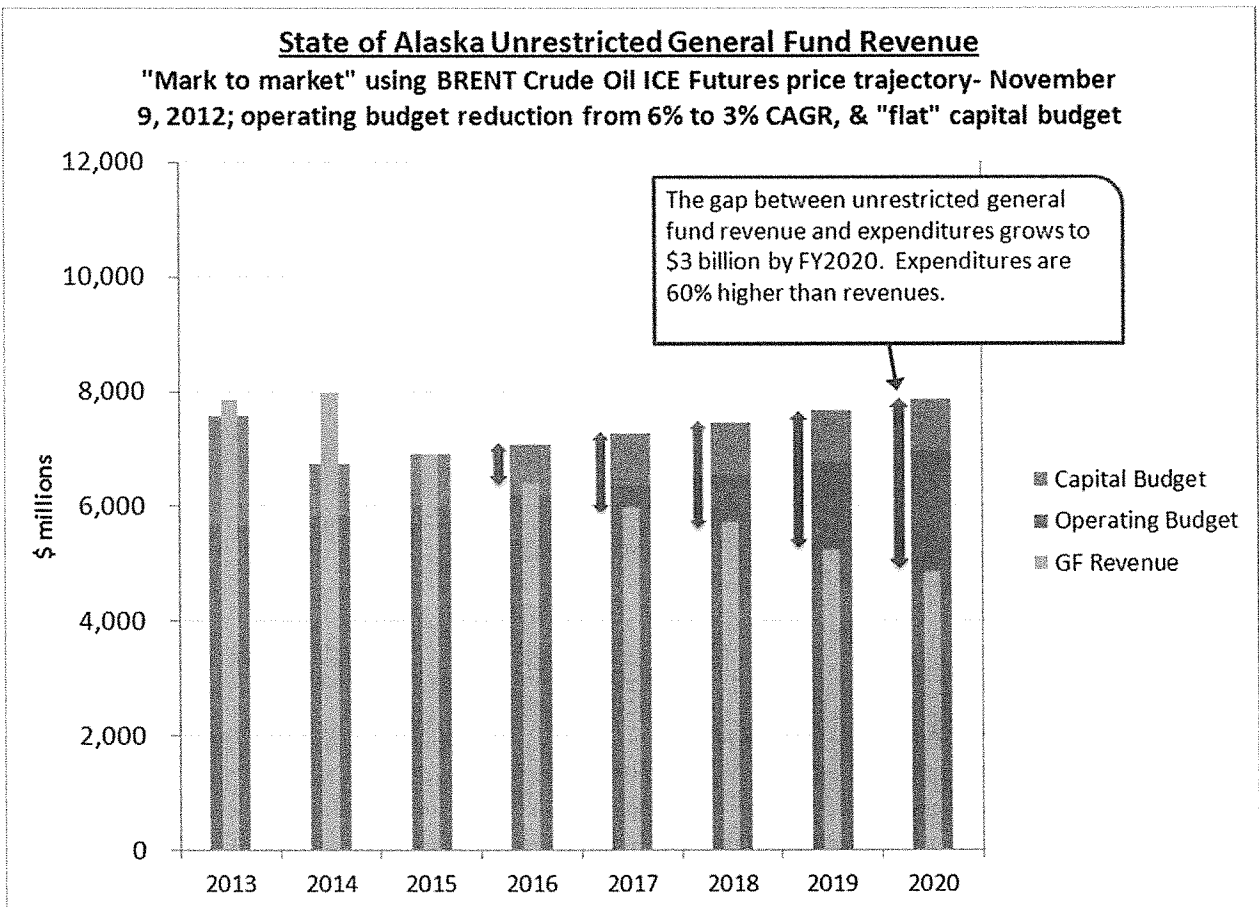
- 3.4. User fees and charges – assume programmed increases in user fees are offset in part by reductions in collections under economic distress as federal funding reductions, including the decrement associated with implementation of the Budget Control Act of 2011, roll through the economy

4. Fund Balance Target Levels
 - 4.1. Historic policy guidance has suggested the unassigned fund balance should be in the 3.5% range to provide for adequate reserves to cover short and intermediate term fluctuations in revenues and expenditures
 - 4.2. Fiscal Year End 2012 unassigned fund balance was \$23.7M on \$644M in general fund expenditures [3.7%]
 - 4.3. Fiscal Year End 2012 assigned fund balance was \$57.5M. OMB anticipates that some portion of the previously encumbered funds within those assigned categories may be reprogrammed to higher priorities.
 - 4.4. Fiscal Year End 2012 unrestricted health plan reserves were \$10.6 million. OMB and HR will review the health plan reserves in the context of the overall self-insurance plan, stop lose coverage, and plans to hold health plan inflation to
 - 4.5. The combination of the unassigned fund balance, the assigned fund balance but potentially available to be reprogrammed for the high priority strategic initial pool, health plan reserves and stop loss coverage that may be adjusted to reflect future plans, and equipment replacement fund reserves may be on the order of \$28 million. This represents over 4% of gross projected general fund expenditures in FY 2013-2014
 - 4.6. Strategic deployment of roughly \$7 million from the unassigned and potentially available for reprogramming pools would bring the potentially available for investment fund balance back down to the 3.5% range and reduce the risk of under deployed resources

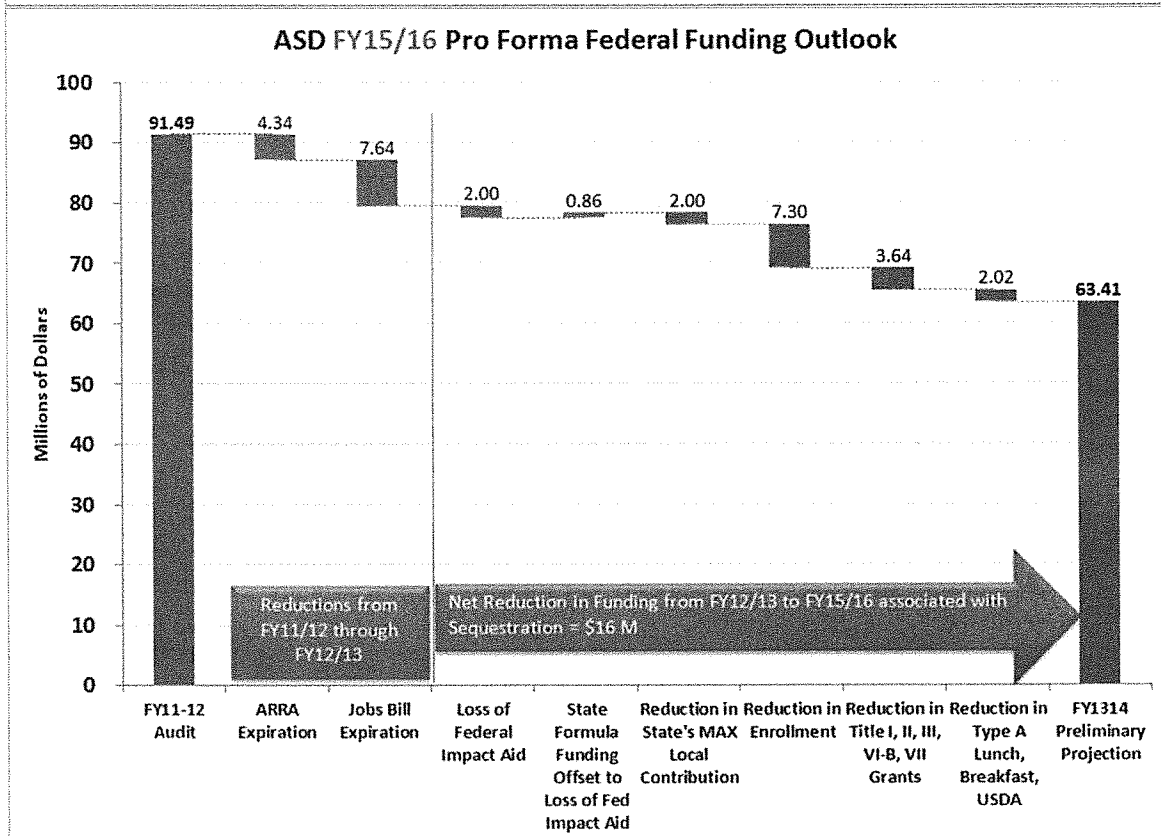
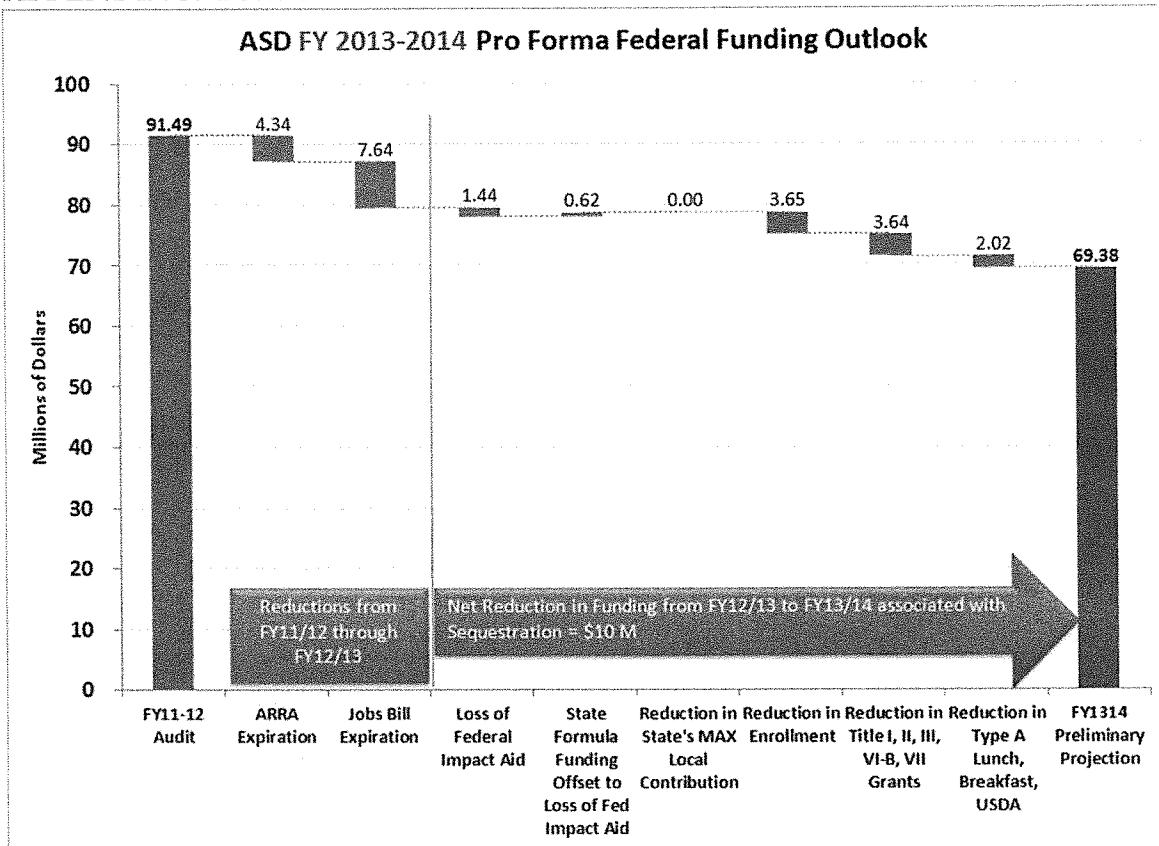
5. Fund Balance Uses
 - 5.1. The use of fund balance should be restricted to the up-front investment (not ongoing operating cost) associated with high value strategic priorities to avoid the creation of a long term program constituency who relies upon fund balance for continued operations
 - 5.2. The district is in the process of making significant investments in changed process – in direct classroom instruction, instructional support and system wide operations and administration
 - 5.3. The high priority strategic Board initiatives are the first priority for the portion of the fund balance that is available for investment, e.g., response to instruction, new common core curriculum

6. Expenditure Guidance
 - 6.1. Continue to align district resources on Board Goals and the Strategic Plan, Destination 2020
 - 6.2. Renew initiative to improve long term value of health plans; build business plan to hold annual cost growth per employee to inflation to mitigate long term layoff pressures
 - 6.3. Maintain Direct Classroom Instruction to the extent practical given financial resources available
 - 6.4. Round prior year pupil-teacher ratio guidance and provide analysis of history and outlook of class size across the district
 - 6.5. Streamline support functions to the extent practical
 - 6.5.1. Review and update the Council of Great City Schools Benchmarking Study

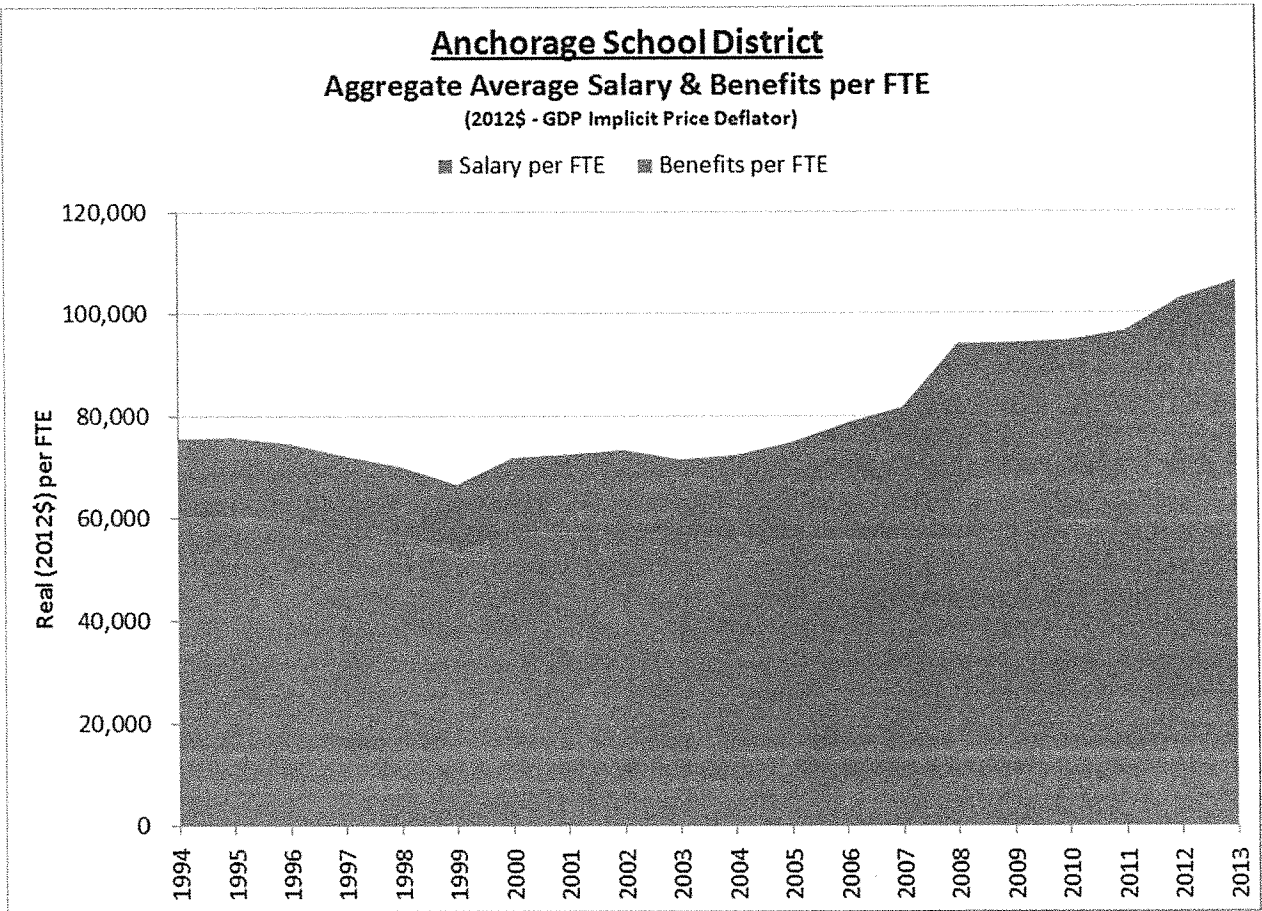
APPENDIX 2A: State of Alaska Revenue Forecast – Mark to Market illustration of State Budget Outlook Pressures



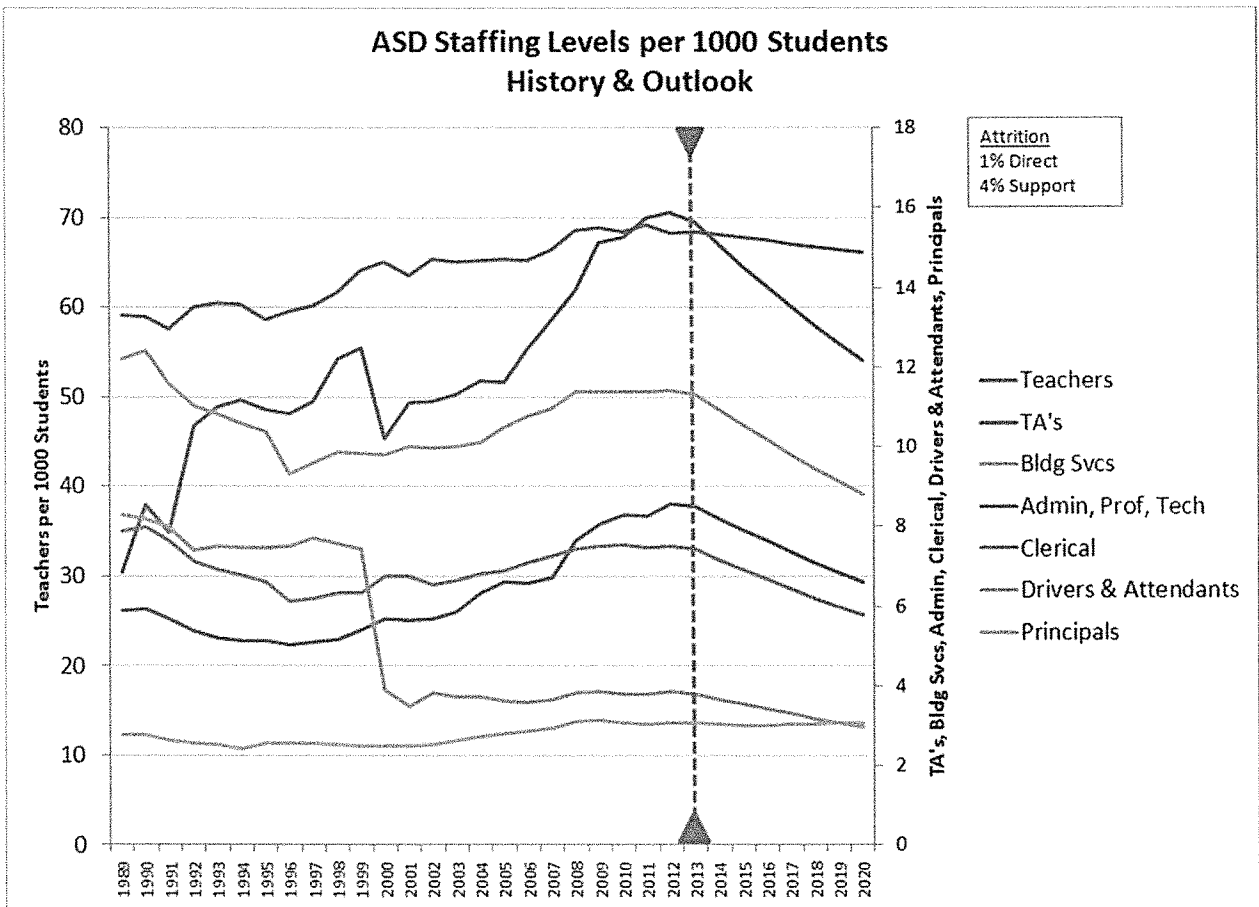
APPENDIX 3: Federal Revenue Forecast



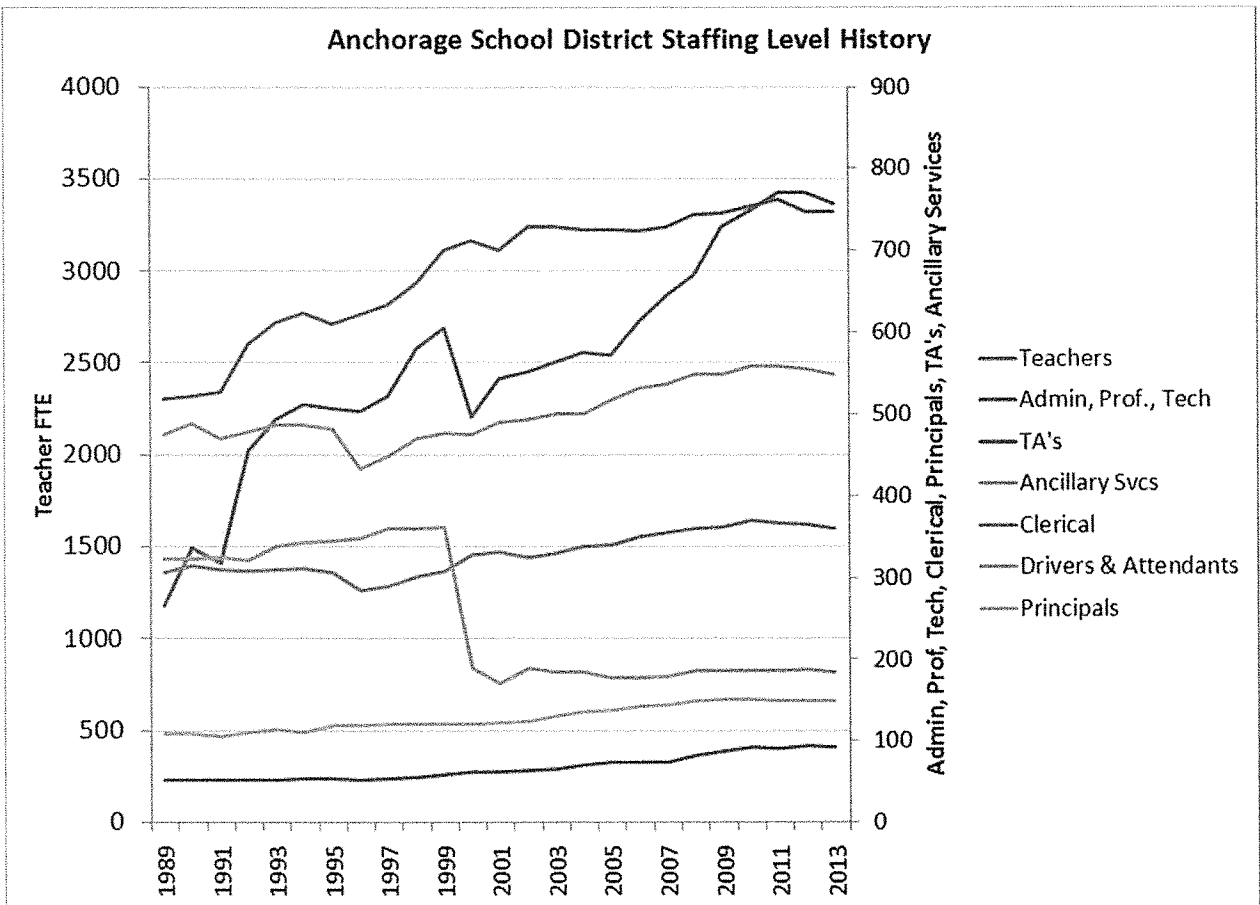
APPENDIX 4A: EXPENSE DRIVERS - SALARY & BENEFIT TREND LINE



APPENDIX 4B1: EXPENSE DRIVERS - STAFFING PER STUDENT - HISTORY & TREND LINE OUTLOOK AT 1% DIRECT/4% SUPPORT ATTRITION



APPENDIX 4B2: EXPENSE DRIVERS - STAFFING LEVELS - FUNCTIONAL ANALYSIS



APPENDIX 4B3: EXPENSE DRIVERS – STAFFING LEVELS - COMPARABLES

Draft Council of Great City Schools Report – Preliminary Comparable Data Review

Support Staff	CGCS Report	Students per Staff	CGCS Report - MEDIAN ASSESSMENT			CGCS Report - TOP QUARTILE ASSESSMENT				CGCS page reference
			Peer Group Median	Target Staffing Levels	Potential ASD Adjustments to Consider	Peer Group Top Quartile	Top Quartile Target Staffing Level	Potential ASD Adjustments to Consider	Quartile Staffing Levels	
Central Office										
Curriculum & Instruction	103	482	534	93	(10)	not provided				40
HR Staffing	30.8	1610				1572	32	1.2		40
IT Staffing	71	699				699	71	0.0		41
Budget Staffing	6	8266				10105	5	(1.0)		41
Payroll	9	5511				5391	9	0.0		41
Accounting	15.5	3200				3090	16	0.5		42
Procurement	18.5	2681				7573	7	(11.5)		42

APPENDIX 4C: BASIC PUPIL TEACHER RATIO GUIDANCE OPTIONS

ENROLLMENT SCENARIOS		Actuals	Prior Year	Current Year	Budget Devt	Projection				
2 Federal \$ Sequestration		-2	-1	0	1	2	3	4	5	6
	July 1	2010	2011	2012	2013	2014	2015	2016	2017	2018
	June 30th	2011	2012	2013	2014	2015	2016	2017	2018	2019
Enrollment		48,378	48,304	47,729	46,916	46,104	46,013	45,923	45,832	
1 Pupil Teacher Ratio Guidance		Reference Case								
	K		20.50	20.5	20.5	20.5	20.5	20.5	20.5	20.5
	1		21.00	21.0	21.0	21.0	21.0	21.0	21.0	21.0
	2		24.25	24.3	24.3	24.3	24.3	24.3	24.3	24.3
	3		24.75	24.8	24.8	24.8	24.8	24.8	24.8	24.8
	4		25.25	25.3	25.3	25.3	25.3	25.3	25.3	25.3
	5		25.25	25.3	25.3	25.3	25.3	25.3	25.3	25.3
	6		26.25	26.3	26.3	26.3	26.3	26.3	26.3	26.3
	7		27.25	27.3	27.3	27.3	27.3	27.3	27.3	27.3
	8		27.25	27.3	27.3	27.3	27.3	27.3	27.3	27.3
	9		29.41	29.4	29.4	29.4	29.4	29.4	29.4	29.4
	10		29.41	29.4	29.4	29.4	29.4	29.4	29.4	29.4
	11		29.41	29.4	29.4	29.4	29.4	29.4	29.4	29.4
	12		29.41	29.4	29.4	29.4	29.4	29.4	29.4	29.4
	FTE		1,104	1,092	1,072	1,055	1,050	1,049	1,049	1,049
	Elem									
	MS		268	266	261	256	256	256	255	255
	HS		475	470	462	453	453	452	451	451
			1,847	1,828	1,795	1,764	1,759	1,757	1,755	1,755
Avg Salary + ASD Benefits										
	Elem		\$92,174	\$96,517	\$100,823	\$105,045	\$109,502	\$114,204	\$119,175	\$119,175
	MS		\$93,155	\$97,545	\$101,886	\$106,140	\$110,630	\$115,366	\$120,372	\$120,372
	HS		\$94,526	\$98,980	\$103,370	\$107,669	\$112,205	\$116,989	\$122,043	\$122,043
TOTAL COST (millions \$)										
	REFERENCE		\$171.6	\$177.9	\$182.4	\$186.8	\$194.1	\$202.2	\$210.8	\$210.8
			\$171.6	\$177.9	\$182.4	\$186.8	\$194.1	\$202.2	\$210.8	\$210.8
	CHANGE IN FY1314 (Millions of		\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
3 Pupil Teacher Ratio Guidance		ROUND UP SCENARIO								
	K		20.50	21.0	21.0	21.0	21.0	21.0	21.0	21.0
	1		21.00	21.0	21.0	21.0	21.0	21.0	21.0	21.0
	2		24.25	25.0	25.0	25.0	25.0	25.0	25.0	25.0
	3		24.75	25.0	25.0	25.0	25.0	25.0	25.0	25.0
	4		25.25	26.0	26.0	26.0	26.0	26.0	26.0	26.0
	5		25.25	26.0	26.0	26.0	26.0	26.0	26.0	26.0
	6		26.25	27.0	27.0	27.0	27.0	27.0	27.0	27.0
	7		27.25	28.0	28.0	28.0	28.0	28.0	28.0	28.0
	8		27.25	28.0	28.0	28.0	28.0	28.0	28.0	28.0
	9		29.41	30.0	30.0	30.0	30.0	30.0	30.0	30.0
	10		29.41	30.0	30.0	30.0	30.0	30.0	30.0	30.0
	11		29.41	30.0	30.0	30.0	30.0	30.0	30.0	30.0
	12		29.41	30.0	30.0	30.0	30.0	30.0	30.0	30.0
	FTE		1,104	1,068	1,050	1,032	1,030	1,028	1,026	1,026
	Elem									
	MS		268	258	254	250	250	248	248	248
	HS		475	461	453	445	444	443	442	442
			1,847	1,787	1,757	1,727	1,724	1,719	1,716	1,716
Avg Salary + ASD Benefits										
	Elem		\$92,174	\$96,517	\$100,823	\$105,045	\$109,502	\$114,204	\$119,175	\$119,175
	MS		\$93,155	\$97,545	\$101,886	\$106,140	\$110,630	\$115,366	\$120,372	\$120,372
	HS		\$94,526	\$98,980	\$103,370	\$107,669	\$112,205	\$116,989	\$122,043	\$122,043
TOTAL COST (millions \$)										
	REFERENCE		\$171.6	\$177.9	\$182.4	\$186.8	\$194.1	\$202.2	\$210.8	\$210.8
			\$171.6	\$173.9	\$178.6	\$182.9	\$190.3	\$197.8	\$206.1	\$206.1
	CHANGE IN FY1314 (Millions of		\$0.0	(\$4.0)	(\$3.9)	(\$3.9)	(\$3.9)	(\$4.4)		

ENROLLMENT SCENARIOS		Actuals	Prior Year	Current Year	Budget Dev't	Projection				
2	Federal \$ Sequestration	-2	-1	0	1	2	3	4	5	6
	July 1	2010	2011	2012	2013	2014	2015	2016	2017	2018
	June 30th	2011	2012	2013	2014	2015	2016	2017	2018	2019

Enrollment		48,378	48,304	47,729	46,916	46,104	46,013	45,923	45,832
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2 Pupil Teacher Ratio Guidance		ROUND DOWN SCENARIO								
	K		20.50	20.0	20.0	20.0	20.0	20.0	20.0	20.0
	1		21.00	21.0	21.0	21.0	21.0	21.0	21.0	21.0
	2		24.25	24.0	24.0	24.0	24.0	24.0	24.0	24.0
	3		24.75	24.0	24.0	24.0	24.0	24.0	24.0	24.0
	4		25.25	25.0	25.0	25.0	25.0	25.0	25.0	25.0
	5		25.25	25.0	25.0	25.0	25.0	25.0	25.0	25.0
	6		26.25	26.0	26.0	26.0	26.0	26.0	26.0	26.0
	7		27.25	27.0	27.0	27.0	27.0	27.0	27.0	27.0
	8		27.25	27.0	27.0	27.0	27.0	27.0	27.0	27.0
	9		29.41	29.0	29.0	29.0	29.0	29.0	29.0	29.0
	10		29.41	29.0	29.0	29.0	29.0	29.0	29.0	29.0
	11		29.41	29.0	29.0	29.0	29.0	29.0	29.0	29.0
	12		29.41	29.0	29.0	29.0	29.0	29.0	29.0	29.0

FTE	Elem	MS	HS	Total
	1,104	268	475	1,847
	1,106	268	477	1,851
	1,087	264	469	1,820
	1,068	259	461	1,788
	1,067	258	459	1,784
	1,063	258	458	1,779
	1,061	258	457	1,776

Avg Salary + ASD Benefits		Elem	MS	HS	Total
		\$92,174	\$93,155	\$94,526	\$96,517
		\$100,823	\$101,886	\$103,370	\$106,140
		\$105,045	\$106,140	\$107,669	\$109,502
		\$114,204	\$115,366	\$116,989	\$119,175
		\$119,175	\$120,372	\$122,043	\$125,000

TOTAL COST (millions \$)		REFERENCE	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
		\$171.6	\$177.9	\$182.4	\$186.8	\$194.1	\$202.2	\$210.8
		\$171.6	\$180.1	\$185.0	\$189.3	\$196.9	\$204.7	\$213.3
	CHANGE IN FY1314 (Millions of	\$0.0	\$2.2	\$2.5	\$2.5	\$2.8	\$2.5	\$2.5

4 Pupil Teacher Ratio Guidance		Round K-6 Down; Round 7-12 Up								
	K		20.50	20.0	20.0	20.0	20.0	20.0	20.0	20.0
	1		21.00	21.0	21.0	21.0	21.0	21.0	21.0	21.0
	2		24.25	24.0	24.0	24.0	24.0	24.0	24.0	24.0
	3		24.75	24.0	24.0	24.0	24.0	24.0	24.0	24.0
	4		25.25	25.0	25.0	25.0	25.0	25.0	25.0	25.0
	5		25.25	25.0	25.0	25.0	25.0	25.0	25.0	25.0
	6		26.25	26.0	26.0	26.0	26.0	26.0	26.0	26.0
	7		27.25	28.0	28.0	28.0	28.0	28.0	28.0	28.0
	8		27.25	28.0	28.0	28.0	28.0	28.0	28.0	28.0
	9		29.41	30.0	30.0	30.0	30.0	30.0	30.0	30.0
	10		29.41	30.0	30.0	30.0	30.0	30.0	30.0	30.0
	11		29.41	30.0	30.0	30.0	30.0	30.0	30.0	30.0
	12		29.41	30.0	30.0	30.0	30.0	30.0	30.0	30.0

FTE	Elem	MS	HS	Total
	1,104	268	475	1,847
	1,106	258	461	1,825
	1,087	254	453	1,794
	1,068	250	445	1,763
	1,067	250	444	1,761
	1,063	248	443	1,754
	1,061	248	442	1,751

Avg Salary + ASD Benefits		Elem	MS	HS	Total
		\$92,174	\$93,155	\$94,526	\$96,517
		\$100,823	\$101,886	\$103,370	\$106,140
		\$105,045	\$106,140	\$107,669	\$109,502
		\$114,204	\$115,366	\$116,989	\$119,175
		\$119,175	\$120,372	\$122,043	\$125,000

TOTAL COST (millions \$)		REFERENCE	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6
		\$171.6	\$177.9	\$182.4	\$186.8	\$194.1	\$202.2	\$210.8
		\$171.6	\$177.5	\$182.3	\$186.6	\$194.3	\$201.8	\$210.2
	CHANGE IN FY1314 (Millions of	\$0.0	(\$0.3)	(\$0.1)	(\$0.1)	\$0.2	(\$0.4)	(\$0.6)

APPENDIX 5: LONG RUN EXPENDITURE PROFILE – SUMMARY OF ALTERNATIVE SCENARIOS (Attrition, Salary & Benefit CAGR)

Hold Classroom/Hold Support		FY1314	FY1415	FY1516	FY1617	FY1718	FY1819	
TRS								
100.0%	2544	2544	2544	2544	2544	2544	2544	
3.0%	70500	\$72,615	\$74,793	\$77,037	\$79,348	\$81,729	\$84,181	
5.0%	37200	\$39,060	\$41,013	\$43,064	\$45,217	\$47,478	\$49,852	
	Millions	\$284.10	\$294.61	\$305.54	\$316.89	\$328.70	\$340.98	
PERS								
100.0%	3680	3680	3680	3680	3680	3680	3680	
3.0%	40200	\$41,406	\$42,648	\$43,928	\$45,245	\$46,603	\$48,001	
5.0%	25270	\$26,534	\$27,860	\$29,253	\$30,716	\$32,252	\$33,864	
	Millions	\$250.02	\$259.47	\$269.31	\$279.54	\$290.18	\$301.26	FY1819 Index
TOTAL (\$M)	\$514.92	\$534.12	\$554.08	\$574.84	\$596.43	\$618.89	\$642.24	1.00
Growth (FY1213)		\$19.20	\$39.16	\$59.92	\$81.51	\$103.97	\$127.32	
Growth Index								1.25
Build Classroom/Reduce Support								
		FY1314	FY1415	FY1516	FY1617	FY1718	FY1819	TARGET
TRS								
103.4%	2544	2631	2720	2813	2909	3008	3111	3112
3.0%	70500	\$72,615	\$74,793	\$77,037	\$79,348	\$81,729	\$84,181	
5.0%	37200	\$39,060	\$41,013	\$43,064	\$45,217	\$47,478	\$49,852	
	Millions	\$293.79	\$315.05	\$337.87	\$362.38	\$388.70	\$416.97	
PERS								
97.3%	3680	3579	3480	3385	3292	3201	3113	3112
3.0%	40200	\$41,406	\$42,648	\$43,928	\$45,245	\$46,603	\$48,001	
5.0%	25270	\$26,534	\$27,860	\$29,253	\$30,716	\$32,252	\$33,864	
	Millions	\$243.14	\$245.40	\$247.69	\$250.03	\$252.42	\$254.85	FY1819 Index
TOTAL (\$M)	\$514.92	\$536.93	\$560.44	\$585.56	\$612.41	\$641.12	\$671.82	1.05
Growth (FY1213)		\$22.01	\$45.52	\$70.65	\$97.50	\$126.20	\$156.90	
Growth Index								1.30
Hold Classroom/Reduce Support								
		FY1314	FY1415	FY1516	FY1617	FY1718	FY1819	TARGET
TRS								
100.0%	2544	2544	2544	2544	2544	2544	2544	2544
3.0%	70500	\$72,615	\$74,793	\$77,037	\$79,348	\$81,729	\$84,181	
5.0%	37200	\$39,060	\$41,013	\$43,064	\$45,217	\$47,478	\$49,852	
	Millions	\$284.10	\$294.61	\$305.54	\$316.89	\$328.70	\$340.98	
PERS								
97.0%	3680	3570	3463	3359	3258	3160	3065	
3.0%	40200	\$41,406	\$42,648	\$43,928	\$45,245	\$46,603	\$48,001	
5.0%	25270	\$26,534	\$27,860	\$29,253	\$30,716	\$32,252	\$33,864	
	Millions	\$242.52	\$244.14	\$245.79	\$247.47	\$249.19	\$250.94	FY1819 Index
TOTAL (\$M)	\$514.92	\$526.62	\$538.75	\$551.32	\$564.37	\$577.89	\$591.92	0.92
Growth (FY1213)		\$11.70	\$23.83	\$36.41	\$49.45	\$62.97	\$77.00	
Growth Index								1.15

Hold Benefit		FY1314	FY1415	FY1516	FY1617	FY1718	FY1819
Growth to Inflation							
Attrition: 1% Instructional/1% support							
TRS							
99.0%	2544	2519	2493	2468	2444	2419	2395
3.0%	70500	\$72,615	\$74,793	\$77,037	\$79,348	\$81,729	\$84,181
2.5%	37200	\$38,130	\$39,083	\$40,060	\$41,062	\$42,088	\$43,141
	Millions	\$278.92	\$283.94	\$289.05	\$294.25	\$299.55	\$304.95
PERS							
99.0%	3680	3643	3607	3571	3535	3500	3465
3.0%	40200	\$41,406	\$42,648	\$43,928	\$45,245	\$46,603	\$48,001
2.5%	25270	\$25,902	\$26,549	\$27,213	\$27,893	\$28,591	\$29,305
	Millions	\$245.22	\$249.58	\$254.02	\$258.55	\$263.15	\$267.84
TOTAL (\$M)	\$514.92	\$524.13	\$533.52	\$543.07	\$552.80	\$562.70	\$572.79
Growth (FY1213)		\$9.22	\$18.60	\$28.15	\$37.88	\$47.79	\$57.87
Growth Index							1.11
Page 1							
Hold Benefit		FY1314	FY1415	FY1516	FY1617	FY1718	FY1819
Growth to Inflation							
Attrition: 1% Instructional/2% support							
TRS							
99.0%	2544	2519	2493	2468	2444	2419	2395
3.0%	70500	\$72,615	\$74,793	\$77,037	\$79,348	\$81,729	\$84,181
2.5%	37200	\$38,130	\$39,083	\$40,060	\$41,062	\$42,088	\$43,141
	Millions	\$278.92	\$283.94	\$289.05	\$294.25	\$299.55	\$304.95
PERS							
98.0%	3680	3606	3534	3464	3394	3326	3260
3.0%	40200	\$41,406	\$42,648	\$43,928	\$45,245	\$46,603	\$48,001
2.5%	25270	\$25,902	\$26,549	\$27,213	\$27,893	\$28,591	\$29,305
	Millions	\$242.74	\$244.56	\$246.40	\$248.26	\$250.13	\$252.01
TOTAL (\$M)	\$514.92	\$521.66	\$528.50	\$535.45	\$542.51	\$549.68	\$556.96
Growth (FY1213)		\$6.74	\$13.58	\$20.53	\$27.59	\$34.76	\$42.04
Growth Index							1.08

Hold Benefit		FY1314	FY1415	FY1516	FY1617	FY1718	FY1819
Growth to Inflation							
Attrition: 1% Instructional/3% support							
TRS							
99.0%	2544	2519	2493	2468	2444	2419	2395
3.0%	70500	\$72,615	\$74,793	\$77,037	\$79,348	\$81,729	\$84,181
2.5%	37200	\$38,130	\$39,083	\$40,060	\$41,062	\$42,088	\$43,141
	Millions	\$278.92	\$283.94	\$289.05	\$294.25	\$299.55	\$304.95
PERS							
97.0%	3680	3570	3463	3359	3258	3160	3065
3.0%	40200	\$41,406	\$42,648	\$43,928	\$45,245	\$46,603	\$48,001
2.5%	25270	\$25,902	\$26,549	\$27,213	\$27,893	\$28,591	\$29,305
	Millions	\$240.26	\$239.60	\$238.94	\$238.28	\$237.62	\$236.97
TOTAL (\$M)	\$514.92	\$519.18	\$523.53	\$527.98	\$532.53	\$537.18	\$541.92
Growth (FY1213)		\$4.26	\$8.62	\$13.07	\$17.61	\$22.26	\$27.00
Growth Index							1.05
Hold Benefit							
Growth to Inflation		FY1314	FY1415	FY1516	FY1617	FY1718	FY1819
Attrition: 1% Instructional/4% support							
TRS							
99.0%	2544	2519	2493	2468	2444	2419	2395
3.0%	70500	\$72,615	\$74,793	\$77,037	\$79,348	\$81,729	\$84,181
2.5%	37200	\$38,130	\$39,083	\$40,060	\$41,062	\$42,088	\$43,141
	Millions	\$278.92	\$283.94	\$289.05	\$294.25	\$299.55	\$304.95
PERS							
96.0%	3680	3533	3391	3256	3126	3001	2881
3.0%	40200	\$41,406	\$42,648	\$43,928	\$45,245	\$46,603	\$48,001
2.5%	25270	\$25,902	\$26,549	\$27,213	\$27,893	\$28,591	\$29,305
	Millions	\$237.78	\$234.68	\$231.62	\$228.60	\$225.62	\$222.68
TOTAL (\$M)	\$514.92	\$516.70	\$518.62	\$520.67	\$522.86	\$525.18	\$527.64
Growth (FY1213)		\$1.78	\$3.70	\$5.75	\$7.94	\$10.26	\$12.72
Growth Index							1.02
Hold Benefit							
Growth to Inflation		FY1314	FY1415	FY1516	FY1617	FY1718	FY1819
Attrition: 2% Instructional/4% support							
TRS							
98.0%	2544	2493	2443	2394	2347	2300	2254
3.0%	70500	\$72,615	\$74,793	\$77,037	\$79,348	\$81,729	\$84,181
2.5%	37200	\$38,130	\$39,083	\$40,060	\$41,062	\$42,088	\$43,141
	Millions	\$276.10	\$278.23	\$280.38	\$282.54	\$284.73	\$286.93
PERS							
96.0%	3680	3533	3391	3256	3126	3001	2881
3.0%	40200	\$41,406	\$42,648	\$43,928	\$45,245	\$46,603	\$48,001
2.5%	25270	\$25,902	\$26,549	\$27,213	\$27,893	\$28,591	\$29,305
	Millions	\$237.78	\$234.68	\$231.62	\$228.60	\$225.62	\$222.68
TOTAL (\$M)	\$514.92	\$513.89	\$512.91	\$512.00	\$511.15	\$510.35	\$509.61
Growth (FY1213)		(\$1.03)	(\$2.01)	(\$2.92)	(\$3.77)	(\$4.57)	(\$5.30)
Growth Index							0.99

Municipality of Anchorage
MUNICIPAL CLERK'S OFFICE
Agenda Document Control Sheet

(SEE REVERSE SIDE FOR FURTHER INFORMATION)

1	<small>SUBJECT OF AGENDA DOCUMENT</small> AN ORDINANCE DETERMINING AND APPROVING THE TOTAL AMOUNT OF THE ANNUAL OPERATING BUDGET OF THE ANCHORAGE SCHOOL DISTRICT FOR ITS	<small>DATE PREPARED</small> <p style="text-align: center;">M.O.A. 2013 MAR -4 AM 11:38 CLERK'S OFFICE</p>	
	<small>FISCAL YEAR 2013-2014</small>	<small>Indicate Documents Attached</small> <input checked="" type="checkbox"/> AO <input type="checkbox"/> AR <input checked="" type="checkbox"/> M <input type="checkbox"/> IM	
2	<small>DEPARTMENT NAME</small> Chief Financial Officer	<small>DIRECTOR'S NAME</small> Chad Stiteler, Chief Financial Officer	
	<small>THE PERSON THE DOCUMENT WAS ACTUALLY PREPARED BY</small> Chad Stiteler, Chief Financial Officer	<small>HIS/HER PHONE NUMBER</small> 907-742-4369	
4	COORDINATED WITH AND REVIEWED BY	INITIALS	DATE
	Mayor		
	Heritage Land Bank		
	Merrill Field Airport		
	Municipal Light & Power		
	Port of Anchorage		
	Solid Waste Services		
	Water & Wastewater Utility		
	Municipal Manager		
	Cultural & Recreational Services		
	Employee Relations		
	Finance, Chief Fiscal Officer		
	Fire		
	Health & Human Services		
	Office of Management and Budget		
	Management Information Services		
	Police		
	Planning, Development & Public Works		
	Development Services		
	Facility Management		
	Planning		
	Project Management & Engineering		
	Street Maintenance		
	Traffic		
	Public Transportation Department		
	Purchasing		
	Municipal Attorney		
	Municipal Clerk		
	Other: Anchorage School District		
	Jim Browder, Superintendent <i>MJB for JB</i>		4 MARCH 2013
	Chad Stiteler, Chief Financial Officer <i>MST for CS</i>		4 MARCH 2013
5	Special Instructions/Comments		
6	<small>ASSEMBLY HEARING DATE REQUESTED</small> March 12, 2013	7	<small>PUBLIC HEARING DATE REQUESTED</small> March 26, 2013