

Anchorage School District Tax Calculation

The Anchorage School District (ASD) fiscal year (FY) starts July 1 and ends June 30 of the following calendar year. Since Municipal taxes are levied by calendar year, the taxes for ASD are totaled by adding half of the tax need from the ASD FY ending June 30 to half of the tax need from the ASD FY beginning July 1 in the calendar year. The ASD tax need is determined in the ASD annual budgets.

For 2016, the ASD tax need is calculated as follows:

FY	Approving Document	Tax Need		1/2 of FY Tax Need	2016
2015-2016	AO 2015-41(S)	\$ 239,410,965	/2	\$ 119,705,483	Jan-Jun
2016-2017	AO 2016-20	\$ 246,003,265	/2	\$ 123,001,633	Jul-Dec
ASD Tax need for Tax Year Total				\$ 242,707,116	

The ASD mill rate is calculated based on the tax need (1/2 of FY ending in June plus 1/2 of FY starting July), divided by the assessed valuation of the service area, then multiplied by 1,000.

$$\frac{\text{ASD Tax need for Tax Year}}{\text{Areawide Service Area Assessed Value}} \times 1,000 = \text{Mill Rate}$$

The 2016 ASD mill rate, based on the 2016 ASD tax need and the Areawide service area assessed value at 03/31/2016, is calculated as follows:

$$\frac{\$ 242,707,116}{\$ 36,063,931,160} \times 1,000 = 6.73$$

Submitted by: Chair of the Assembly at
the Request of the Mayor
Prepared by: Office of Management
and Budget
For Reading: April 12, 2016

CLERK'S OFFICE
APPROVED

Date: 4-26-2016

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**ANCHORAGE, ALASKA
AO No. 2016-45**

**AN ORDINANCE SETTING THE RATE OF TAX LEVY, APPROVING THE
AMOUNT OF MUNICIPAL PROPERTY TAX, AND LEVYING TAXES FOR THE
ANCHORAGE SCHOOL DISTRICT FOR TAX YEAR 2016.**

THE ANCHORAGE ASSEMBLY ORDAINS:

Section 1. The Assembly hereby fixes the rate of tax levy for the Anchorage School District for tax year 2016. The Anchorage Assembly levies this tax upon the full value of all assessed taxable real and personal property, as follows:

Areawide Schools a tax of 6.73 mills

Section 2. The property tax amount approved for 2016 is:

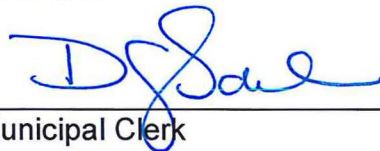
Anchorage School District \$ 242,707,116

Section 3. This ordinance shall become effective immediately upon passage and approval by the Anchorage Assembly.

PASSED AND APPROVED by the Anchorage Assembly this 26th day of April, 2016.


Chair of the Assembly

ATTEST:


Municipal Clerk



MUNICIPALITY OF ANCHORAGE
ASSEMBLY MEMORANDUM

No. AM 262-2016

Meeting Date: April 12, 2016

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FROM: MAYOR

SUBJECT: AN ORDINANCE SETTING THE RATE OF TAX LEVY, APPROVING THE AMOUNT OF MUNICIPAL PROPERTY TAX, AND LEVYING TAXES FOR THE ANCHORAGE SCHOOL DISTRICT FOR TAX YEAR 2016.

This memorandum transmits the ordinance to establish the 2016 tax rate and tax levy for the Anchorage School District (ASD).

The ASD tax rate and tax levy are based on the amount of property taxes approved to support the ASD operating budget in calendar year 2016.

These reflect approximately one half of the property taxes approved for ASD's fiscal year 2015-2016 revised operating budget per AO 2015-41(S), and approximately one half of the property taxes approved for ASD's fiscal year 2016-2017 approved operating budget per AO 2016-20.

THE ADMINISTRATION RECOMMENDS APPROVAL.

Prepared by: Office of Management & Budget (OMB)
Approved by: Lance Wilber, Director, OMB
Concur: Robert E. Harris, CFO
Concur: William D. Falsey, Municipal Attorney
Concur: Michael K. Abbott, Municipal Manager
Respectfully Submitted: Ethan A. Berkowitz, Mayor

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

Prepared by: Anchorage School District
For reading: April 28, 2015

CLERK'S OFFICE

APPROVED

Date: 4-28-15

**ANCHORAGE, ALASKA
AO No. 2015-41(S)**

1 AN ORDINANCE AMENDING THE TOTAL AMOUNT OF THE ANNUAL
2 OPERATING BUDGET OF THE ANCHORAGE SCHOOL DISTRICT FOR ITS
3 FISCAL YEAR 2015-2016 AND DETERMINING AND APPROPRIATING THE
4 PORTION OF THE ASSEMBLY APPROVED BUDGET AMOUNT TO BE MADE
5 AVAILABLE FROM LOCAL SOURCES.
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7
8 WHEREAS, the Anchorage Assembly approved AO 2015-22, approving the
9 Anchorage School District fiscal year 2015-2016 budget in the amount of
10 \$784,243,730 and appropriated \$241,627,624 in local property taxes and other
11 local sources; and
12

13 WHEREAS, the State Legislature has made adjustments to State funding sources
14 which require changes to the total approved Anchorage School District budget and
15 the amount to be appropriated from local sources, now therefore,
16

17 THE ANCHORAGE ASSEMBLY ORDAINS:
18

19 **Section 1.** That the FY 2015-2016 Proposed Anchorage School District
20 Financial Plan in the amount of \$782,027,101 is hereby approved by the
21 Anchorage Assembly and that, of said amount, the amount of \$239,410,965 is
22 the amount of money to be contributed from local property taxes or other local
23 sources and is hereby appropriated for school purposes to fund the School
24 District for its 2015-2016 fiscal year.
25

26 **Section 2.** This ordinance is effective immediately upon passage and approval.
27

28
29 PASSED AND APPROVED by the Anchorage Assembly, this 28th day of
30 April, 2015.
31

32
33 
34 _____
35 Chair of the Assembly
36

37 ATTEST:
38 
39 _____
40 Municipal Clerk

MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 185-2015Meeting Date: April 28, 2015

FROM: ANCHORAGE SCHOOL DISTRICT

SUBJECT: AO 2015-22 ANCHORAGE SCHOOL DISTRICT
FY 2015-2016 AMENDED FINANCIAL PLAN**FINANCIAL PLAN AMENDMENT UNDER DEVELOPMENT**

The Anchorage School Board and the Municipal Assembly approved the Proposed Financial Plan and Budget for FY 2015-16 in the amount of \$784,243,730 on Feb 19, 2015 and March 24, 2015, respectively. The local contribution was approved for \$241,627,624, to cover \$201,516,097 in operating and \$39,085,928 in debt service.

The district is preparing an amended financial plan that takes into account reductions in state funding associated with the Legislative budget that eliminates "one-time" funding from HB278, under funds the public education foundation formula fund by 1.4% and results in a reduction in the maximum allowable local property tax contributions under State statutes. The district has also updated the projected amount of Federal Impact Aid which results in a reduction of roughly \$0.50 in state support for each \$1 of additional federal impact aid.

This memo provides the Assembly with a revision in the local contribution to take into account those changes in the revenue outlook.

The School Board is slated to conduct a detailed review and hold a public hearing on a proposed budget amendment at their May 4, 2015 meeting.

Revenue

The amended financial plan is being prepared in response to reductions which passed the Legislature on Sunday. During last year's session, the legislature passed HB 278 which provided Base Student Allocation (BSA) increases of \$150 in FY 2014-15 and \$50 in each of FY 2015-16 and FY 2016-17. HB 278 also provided 3 years of funding outside of the Foundation Formula in the amount of \$42.95 million in FY 2014-15, \$32.24 million in FY 2015-16 and \$19.90 million in

FY 2016-17. These funds were to be divided amount all districts based on each district's Adjusted Average Daily Membership (AADM).

HB 278 further stated that any funds that were paid to districts on the basis of AADM could be used in calculating the additional allowable local contribution. The Anchorage Assembly responded to this change in legislation and increased the local property tax appropriation up to the new maximum allowed in FY 2014-15 and again for FY 2015-16. Eliminating these funds will also reduce the maximum local contribution allowable under the State Public Education Funding Formula by \$2.217 million. The Senate-House Budget Conference Committee, in addition to eliminating the "one-time" funding in HB278, under-funded the appropriation to support the public school foundation formula by ~1.4%.

In addition, the district has revised the projected amount of Federal Impact Aid (FIA) to be received for FY 2015-16. Subsequent to the budget development process, the district received the FY 2014-15 FIA payments that will be the basis for determining the amount of FIA that is deducted from the district's Foundation Formula funding. The FIA payment was approximately \$1 million more than expected which translates into approximately \$0.5 million in reduced state funding. The per-student rate for FIA has increased more rapidly than expected prompting an increase of approximately \$0.365 to the anticipated FIA for FY 2015-16.

PROPERTY TAXES

Based on the projected \$9.551 decrease in state "one-time" funding in HB278, the maximum allowable local property taxes are required to be reduced by \$2.217 million. The district request for local property tax support is adjusted as follows:

	Approved Budget FY 2015-2016	Amended Budget FY 2015-2016	Increase/ (Decrease)	Percent Change
Total Local Contribution (FY)	241,627,624	239,410,965	(2,216,659)	-0.92%
Estimated Assessed Valuation (CY)	35,029,181,874	35,029,181,874	-	0.00%
Estimated Mill Rate (CY)	6.90	6.83	(0.06)	-0.92%

Respectfully submitted,

Ed Graff
Superintendent

EG/MF/AR

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

Prepared by: Anchorage School District
For Reading: March 08, 2016

CLERK'S OFFICE

APPROVED

Date: 3-22-2016 ANCHORAGE, ALASKA
AO NO. 2016-20

AN ORDINANCE DETERMINING AND APPROVING THE TOTAL AMOUNT OF THE ANNUAL OPERATING BUDGET OF THE ANCHORAGE SCHOOL DISTRICT FOR ITS FISCAL YEAR 2016-2017 AND DETERMINING AND APPROPRIATING THE PORTION OF THE ASSEMBLY APPROVED BUDGET AMOUNT TO BE MADE AVAILABLE FROM LOCAL SOURCES

THE ANCHORAGE ASSEMBLY ORDAINS:

Section 1. That the FY 2016-2017 Proposed Anchorage School District Financial Plan in the amount of \$768,401,726 has been approved by the Anchorage Assembly and that, of said amount, the amount of \$246,003,265 is the amount of money to be contributed from local property taxes or other local sources and is hereby appropriated for school purposes to fund the School District for its 2016-2017 fiscal year.

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

PASSED AND APPROVED by the Anchorage Assembly, this 22nd day of March 2016.



Chair of the Assembly

ATTEST



Municipal Clerk

MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

AM 107-2016

Meeting Date: March 08, 2016

FROM: ANCHORAGE SCHOOL DISTRICT

SUBJECT: AO 2016-20 ANCHORAGE SCHOOL DISTRICT
FY 2016-2017 FINANCIAL PLAN**PROPOSED FINANCIAL PLAN**

The Anchorage School Board has approved the Proposed Financial Plan and Budget for FY 2016-17 in the amount of \$768,401,726. The total proposed Anchorage School District budget by individual funds is projected as follows:

Municipal Upper Limit Summary

Table 1. Individual Fund Budget Summary (in millions \$)

Individual Funds	Actual [1]	Estimated [1]	Approved	Preliminary	FY 17 Prelim vs	
	FY 2013-14	FY 2014-15	Budget		FY 2016-17	FY 16 Budget
			FY 2015-16		\$	%
General Fund	\$ 541.301	\$ 547.368	\$ 569.093	\$ 560.271	\$ (8.822)	-1.6%
Transportation Fund	22.328	22.441	23.192	24.192	1.000	4.3%
Grants Fund	44.500	46.165	57.441	58.090	0.649	1.1%
Debt Service Fund	84.703	86.763	87.161	84.634	(2.527)	-2.9%
Capital Projects Fund	17.862	1.376	7.000	10.000	3.000	42.9%
Food Service Fund	20.455	22.850	22.261	23.315	1.054	4.7%
Student Activities Fund	7.643	7.726	7.189	7.900	0.711	9.9%
ASD Managed Total	738.792	734.689	773.337	768.402	(4.935)	-0.7%
SOA PERS/TRS On-behalf	120.288	721.619 [2]	47.347	46.000	(1.347)	-0.2%
Total All Funds	\$ 859.080	\$ 1,456.308	\$ 820.684	\$ 814.402	\$ (6.282)	-0.4%

[1] GAAP basis expenditures with on-behalf pension payments removed from individual funds

[2] PERS and TRS on-behalf has been updated for FY 2014-15 due to SB 119 appropriations of \$3B into PERS/TRS

It is requested that the Anchorage Assembly approve local property taxes in the amount of \$246,003,265 and the upper limit spending authorization of \$768,401,726 for FY 2016-17.

The associated mill rate is expected to decline from 6.84 (FY 2015-16) to 6.80 (FY 2016-17) -- a decline of 4 basis points or about 0.6 percent.

1 DESTINATION 2020

2 The district's Framework for Success is built around four strategies: focusing on
3 students, investing in staff, engaging the community and strengthening our
4 services. By concentrating on these strategies, ASD is building momentum and
5 moving closer to its goals outlined in Destination 2020, the district's strategic
6 plan.

7
8 Students thrive when they have high-quality educational opportunities. ASD
9 must focus on all of our students collectively and still meet the needs of each of
10 them individually. In order to provide students the best education possible,
11 ASD is individualizing instruction in every classroom. This means the district is
12 providing the right instruction at the right time to each student.

13
14 *Destination 2020 Goals*

15 The Anchorage School Board has set high expectations for ASD students and
16 educators which are embodied in Destination 2020.

- 17 • 90% of students will be proficient in language arts and math, and will achieve
18 at least one year's academic growth each year.
- 19 • 90% of students will graduate high school.
- 20 • Every student will attend school at least 90% of the time.
- 21 • 90% of parents will recommend their child's school to others.
- 22 • 100% of students and staff will feel safe at school.
- 23 • 100% of departments will rank in the top quartile of urban schools for
24 operational efficiency.

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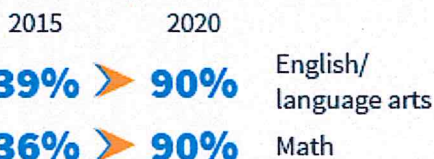
1 The district has been making progress toward these goals in a number of areas.
 2

Goals



Performance

90 percent of students will be proficient in language arts and math and will achieve at least one year's academic growth each year.



Students were examined on new standards through the state's new assessment Alaska Measures of Progress.



Parent recommendation

90 percent of parents will recommend their child's school to others.



Graduation

90 percent of students will graduate high school.



Student & staff safety

100 percent of students and staff will be safe at school.



Student attendance

Every student will attend school at least 90 percent of the time.



Effective and efficient operations

100 percent of departments will rank in the top quartile for operational efficiency.

Key Performance Indicators for various departments are available on the district's website.

All data is rounded. Detailed information is available in the Profile of Performance, available on the district's website.

3

1 Last year, FY 2014-15, was a baseline year for student assessment and
 2 proficiency. Students were examined on new standards through the state’s new
 3 assessment Alaska Measures of Progress. Results from this exam are not
 4 comparable to the results from the Standards Based Assessment.

5
 6 This year, ASD was nationally recognized for expanding access to Advanced
 7 Placement courses for students and increasing the percentage of students who
 8 score highly on AP exams.

9
 10 *Graduation*

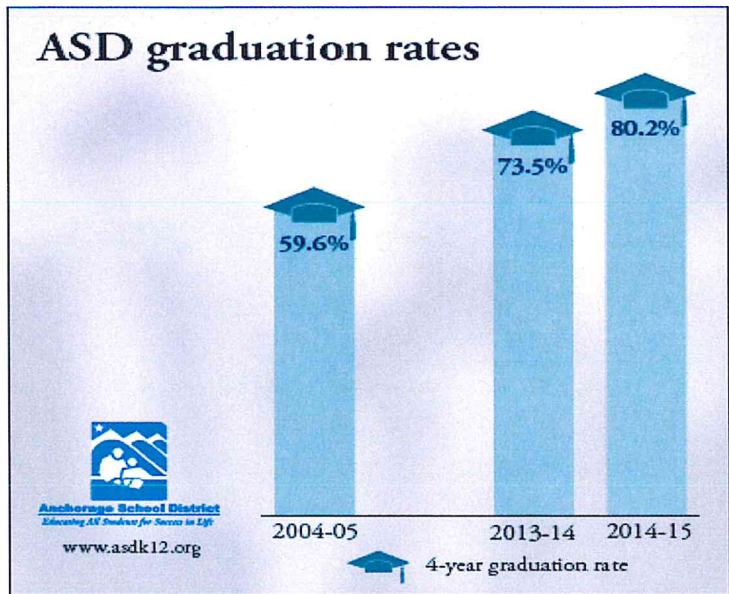
11 ASD’s graduation rate continues to increase. Ten years ago, the district’s
 12 graduation rate was 59 percent. Last year, it was 73.5 percent. This year, it is
 13 above 80 percent. That’s nearly seven points above last year and more than 20
 14 percentage points better than a decade ago.

15
 16 Last year was the first year of the elimination of the High School Graduation
 17 Qualifying Exam. While there is no way to tell the number of graduates who
 18 wouldn’t have passed a portion of the test and wouldn’t have earned their
 19 diploma this past year, the district estimates, on average, it’s about 100 students.
 20 That accounts for a little more than 2 percent of the graduating class, while the
 21 district’s annual graduation rate increased by 7 percentage points.

22
 23 With the increase in the number of ASD’s graduates, the district is also helping
 24 students see the value in earning a diploma. ASD has one of the lowest dropout
 25 rates recorded for the district, 3.1 percent.

26
 27 The district is also proud to report that students’ ACT scores – for the college
 28 entrance exam – remain well above the state and national averages.

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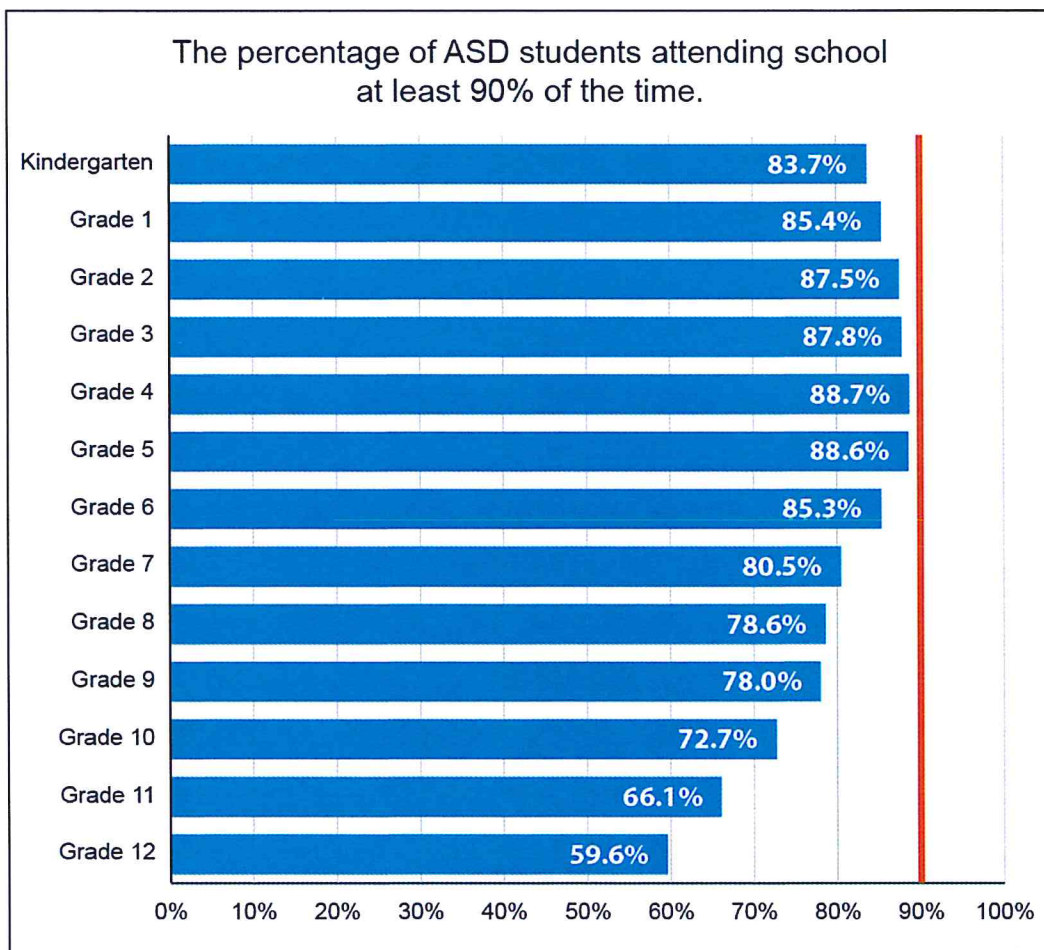
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Student Attendance

A missed school day is a lost opportunity for students to learn. District data shows there is a direct correlation between ASD students who attend school regularly and higher academic achievement levels.

In order to reach attendance goals, students can miss no more than 17 days of school per year, that’s the equivalent of two days per month.

Instilling the value of coming to school every day is important to start at a young age. Through ASD’s collaborative efforts with the community and conversations with families around the importance of daily attendance, we are seeing improvement.



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RECENT FUNDING HISTORY & NEAR TERM OUTLOOK

In April 2014, the legislature passed House Bill 278 which provided increases to the state’s Base Student Allocation (BSA) of \$150 in FY 2014-15 and \$50 increases in both FY 2015-16 and FY 2016-17. Additionally, HB 278 provided three years of operating grants outside of the Foundation Formula. In FY 2015-16 these

1 grants were eliminated in an effort to reduce state costs amid declining oil
 2 revenues. Using current statutes and guidance from Governor Walker's budget,
 3 the district has made the following assumptions in state revenue when creating
 4 the proposed budget for FY 2016-17:

- 5
- 6 • \$50 BSA increase per HB 278
- 7 • no increase in transportation funding
- 8 • no funding outside the Foundation Formula
- 9 • reduction in state grants that supported preschool and STEM of
- 10 approximately \$0.5 million
- 11

12 Funding from the state is expected to increase by approximately \$4.19 million
 13 over the FY 2015-16 budget, primarily due to a projected net increase in
 14 enrollment since FY 2014-15, resulting in an additional \$3.05 million and \$50 in
 15 the BSA which results in another \$3.72 million. The increases are partially offset
 16 by the shift in burden from the state to the municipality of \$3.12 million.

17

18 The shift in burden from the state to the municipality is based on the required
 19 local effort component of the Foundation Formula which requires
 20 municipalities to pay the equivalent of a 2.65 mill tax levy of the taxable real and
 21 personal property in the district. This amount is then reduced from the state's
 22 funding to the district. As the Anchorage economy has remained strong, the
 23 taxable value of property within the municipality has increased from \$37.88
 24 billion in 2014 to \$39.06 billion in 2015, or about 3.1 percent.

25

26 State transportation revenue is expected to remain flat as HB 120 (2013), which
 27 provided for annual increases based on Anchorage CPI, sunsets. The challenge
 28 of flat revenues in the district's Pupil Transportation Fund are further
 29 exacerbated by rapidly increasing costs driven by the state law requiring bus
 30 drivers be paid at least twice the minimum wage. The recent voter-approved
 31 increases to minimum wage have put significant pressure on the district's
 32 ability to contain transportation costs.

33

34 FY 2016-17 BUDGET DEVELOPMENT PROCESS

35 The administration and board engaged the community through four interactive
 36 public forums which allowed participants to vote on the importance of a range
 37 of educational topics, what is most important to them and what could be reduced
 38 or eliminated if required. Small group discussions were facilitated to brainstorm
 39 ideas for revenue generation as well as to identify what should be maintained if
 40 possible and what could possibly be reduced. The district also engaged the
 41 public through an online platform which allowed participants to share their
 42 thoughts and identify values and concerns they have with public education.

1 More than 7,500 parents, community members, staff and students participated
2 in the online engagement opportunity sharing 15,502 thoughts.

3
4 Results from the in-person conversations, online input provided by
5 stakeholders and administrative analysis indicated a desire to preserve high-
6 quality instruction, maintain or reduce class size and protect highly valued
7 programs were the most important things to consider when creating the budget.
8 The feedback listed administration, assistant principals, transportation and
9 student nutrition as areas to consider first for any necessary reductions.

10 11 ENROLLMENT

12 The district's fall enrollment in 2015 surpassed projections for FY 2015-16 by
13 approximately 330 students, or 0.7 percent. A slight decline of about 60
14 students, or 0.13 percent is expected in FY 2016-17 for state funding purposes.
15 While enrollment is expected to be down, it is still above the amount in the FY
16 2015-16 budget. Looking forward, the district is anticipating flat to slightly
17 declining enrollment over the next several years¹.

18 19 DIRECT CLASSROOM INSTRUCTION AND PUPIL TEACHER RATIO

20 Over the last four years, the district has been able to increase direct classroom
21 instruction while reducing support positions districtwide to better align the
22 district with benchmark staffing.

23
24 As more support services are cut, the district has heard feedback from
25 principals, teachers and others who feel that support services are stretched thin.
26 The district will continue its efforts in strengthening our services and meeting
27 strategic goals of being in the top quartile of key performance indicators,
28 recognizing that with additional reductions to support services, there may be an
29 adjustment to the levels of service that employees, parents and students are
30 accustomed to receiving.

31
32 The adjustment of the Pupil Teacher Ratio (PTR) by one student equates to
33 about 80 Full Time Equivalent (FTE) positions districtwide. This adjustment will
34 impact all schools including elementary, middle, high and alternative schools.
35 While the PTR adjustment of one is based on the idea of one additional student
36 per classroom, this is not actually possible. The new PTR targets for specific
37 grade levels will serve as a guide, but the reality is there will be fewer teachers
38 available to distribute to schools. Allocations will be made after consideration of
39 projected enrollments for next year and specific program needs. The Elementary
40 and Secondary division directors will work closely with principals to determine
41 how to utilize the teacher allocation to structure their schedules and meet the

¹ Exclusive of significant events such as reduction/expansion of military bases, gas pipeline construction, opening ANWR, etc.

1 needs of their student populations. With fewer classroom teachers at the
 2 elementary level, there will be a corresponding reduction in the number of
 3 specialists needed to serve those classrooms and provide contractually required
 4 planning time. This includes PE, Health, Art and Music. At the secondary level,
 5 there is the potential for reductions in specific programs or offerings.

6
 7 The district has added back an additional 13.3 teacher FTE as additional
 8 resources throughout the budget process have been identified to help mitigate
 9 the loss of resources. The net reduction for the PTR and enrollment adjustments
 10 is 66.7 FTE, exclusive of changes in charter schools and specialized alternative
 11 programs.

12 13 INSTRUCTIONAL SUPPORT-SPECIAL EDUCATION

14 The district has experienced an increase in the population of intensive needs
 15 special education students and growing service level requirements for non-
 16 intensive special needs students over the past few years. In order to maintain a
 17 consistent, safe ratio of students to staff, the district is proposing increasing the
 18 FTE available to address the growing need for services. In addition to FTE, the
 19 service level requirements have necessitated an increase in supplies and
 20 summer school support.

21
 22 The district has added approximately \$1.315 million to address emergent special
 23 education needs in the following areas:

- 24 • \$1.025 million – 15.5 FTE for teachers, teachers assistants and counselors
- 25 • \$0.192 million – summer school
- 26 • \$0.065 million – Compuclaim Medicaid billing software
- 27 • \$0.033 million – supplies, services and equipment

28 29 INSTRUCTIONAL SUPPORT - ENGLISH LANGUAGE LEARNERS

30 The district has experienced a rapid increase in the number of ELL students
 31 needing services, outpacing the proportionate number of staff available to serve
 32 them. The following FTE were added to address current needs at a total cost of
 33 \$0.363 million:

- 34 • 3.275 FTE Tutors
- 35 • 1.49 FTE Teachers
- 36 • 0.5 FTE Counselor
- 37 • 0.125 FTE Clerical

38 39 INSTRUCTIONAL SUPPORT - GIFTED EDUCATION

40 The district has proposed reducing one FTE within the Gifted IGNITE program.
 41 This will require some reallocation between schools to balance workloads but
 42 all schools and students will still be served by the program. There could be
 43 some delay in eligibility testing as there will be fewer individuals to handle an
 44 increasing number of referrals.

1 BUILDING LEADERSHIP AND ADMINISTRATION

2 The district is eliminating three assistant principal positions for FY 2016-17, one
3 at each level of elementary, middle and high schools.

4
5 Elementary:

6 There are currently nine elementary assistant principals serving 16 schools.
7 Fairview and Sand Lake each have a full-time assistant principal and the
8 remaining seven assistant principals each serve two schools equally. The
9 assistant principals support the programs, students, parents and staff within
10 these schools, and receive the mentoring and experience to prepare them to lead
11 schools as principals. For the 2015-16 school year, eight of our assistant
12 principals from the previous year became principals within the district. The
13 elimination of one assistant principal will impact two of the smaller schools
14 currently being served, but should still allow the district to develop the
15 educational leaders needed.

16
17 Middle School:

18 There are currently 12 middle school assistant principals serving the 10
19 comprehensive middle schools. Begich and Clark, each with more than 1,000
20 students, have two assistant principals. The others schools each have one. The
21 elimination of one assistant principal will impact Wendler and Central, our two
22 smallest middle schools. Following the elementary model, these schools will
23 share a single assistant principal equally. With this reduction, both of these
24 schools will still be under the average pupil-administrator ratio (PAR) for
25 secondary schools. Substantial work will need to be completed on prioritizing
26 daily duties to insure that essential activities are completed. The principals at
27 Central and Wendler will be required to take on additional responsibilities with
28 student discipline, activities and teacher evaluation.

29
30 High School:

31 There are currently 28 assistant principals serving the eight comprehensive high
32 schools. The number of assistant principals allocated to each school has largely
33 been a factor of student enrollment. The reduction of one assistant principal will
34 impact Chugiak High School, which will go from three assistant principals to
35 two. This reduction means Chugiak will have the same allocation as Eagle River
36 High School, and be only 12 students above the average PAR for secondary
37 schools. Re-prioritizing administrative daily duties will be required to ensure
38 that essential activities are completed. The principal and remaining two
39 assistant principals will be required to take on different and/or additional
40 responsibilities, including discipline, activities, and teacher evaluation. Eagle
41 River High School will be used as a model for transition.

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1 DISTRICTWIDE ADMINISTRATION AND ANCILLARY SUPPORT SERVICES

2 Ancillary building support and districtwide central services have experienced
3 deep cuts FY 2012-13, eliminating more than 137 FTE across Custodial Services,
4 Maintenance, Finance/OMB, Purchasing/Warehouse, Communications, IT,
5 Curriculum/Instruction and Human Resources.

6
7 For FY 2016-17, the district will continue to streamline central support operations
8 and has proposed a net reduction of 4.49 FTE which includes the following
9 changes:

10
11 • 2 FTE reduction – Communications positions

12 The Communications Department is restructuring to address fiscal constraints
13 and to implement shared services with the Municipality of Anchorage. ASD
14 cable channel 14 programming was moved to municipal cable channel 9,
15 effective Feb. 1.

16
17 As part of the restructuring of duties and assignments, the department will
18 eliminate one FTE media production specialist position and one FTE
19 communications specialist position. As a result of eliminating the
20 communications specialist position, the department will continue to struggle to
21 provide strategic support to schools and departments and instead will focus
22 primarily on immediate or reactionary needs.

23
24 • 2 FTE reduction – Maintenance carpenter positions

25 The district is recommending the elimination of two FTE carpenter positions that
26 would save approximately \$200,000. There are currently 16 carpenter positions in
27 the department and this could potentially limit the number of discretionary
28 projects completed during the year as focus is shifted to ensuring compliance
29 issues are addressed first. Additionally, the maintenance and operations
30 department will manage its attrition and vacancy rates throughout the year to
31 realize an additional savings of \$150,000.

32
33 • 1 FTE reduction – Library Resources

34 The elimination of one bibliographic control clerk 2 will result in some reduced
35 services from Library Resources. The Curriculum Library (which provides
36 shared curriculum related tubs and videos) will likely be eliminated as the
37 circulation of many of these materials has dropped considerably over the past
38 few years. Arrangements for materials still used (primarily Health and PE) will
39 need to be shifted to those respective departments. Impacts to students and
40 schools will include slower response time in processing new materials to the
41 library catalog and a reduction to improvements to the library system (LS2),
42 which could affect the ability of students and staff to find things using the library
43 catalog.

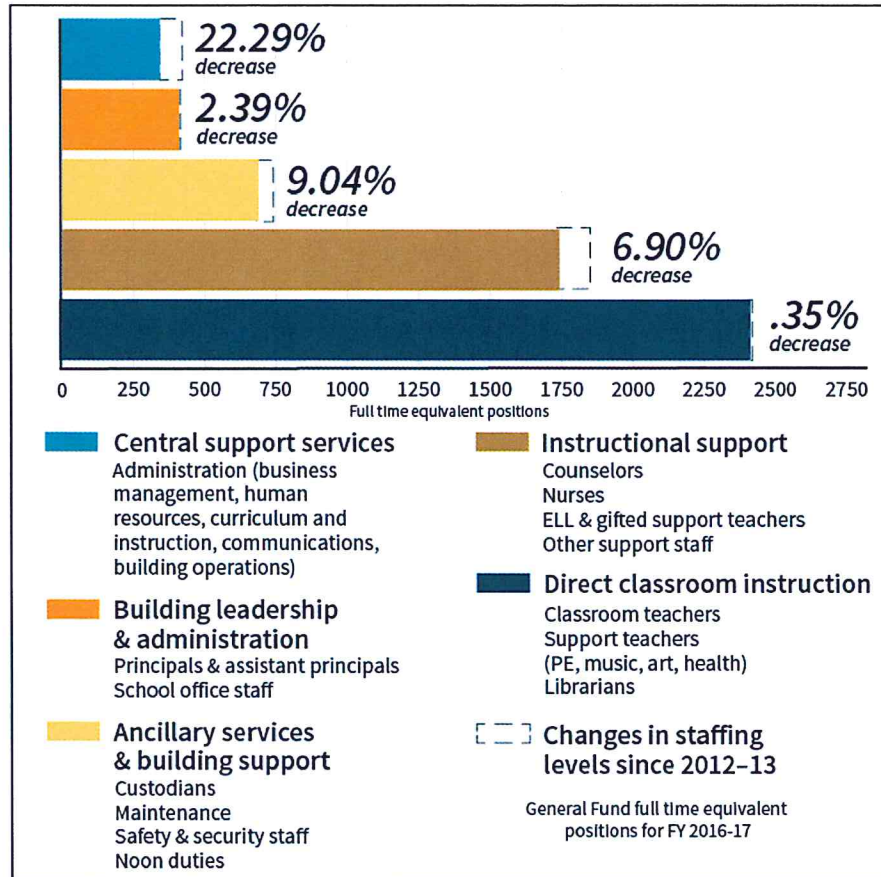
- 1 • 0.49 FTE reduction – Early Childhood Outreach
 2 The administration is eliminating the part-time early childhood outreach position
 3 which was added to help facilitate growth of preschool programs and assist in
 4 developing partnerships with community organizations to provide pre-k
 5 services. Since the funding for pre-k has been reduced, both through the
 6 reduction of funds outside the BSA the district had set aside for pilot projects in
 7 FY 2015-16 and the governor’s proposed elimination of preschool grants from the
 8 state, the position is no longer needed.
 9
- 10 • 1 FTE increase – Information Technology – paid for by reducing overall
 11 software/bandwidth costs and through a voluntary restructuring of
 12 employee work calendars
 13
- 14 • 1 FTE increase – Director of Safety and Security – paid for through attrition
 15 savings on unfilled maintenance positions
 16
- 17 Other changes from the FY 2015-16 budget for other than personnel services
 18 include:
 19
- 20 • \$0.50 million in additional maintenance supplies to support the district’s
 21 efforts in maintaining its facilities and slow the growth of the backlog of
 22 maintenance projects.
 23
- 24 • Reduction in funds available for travel, management reviews/audits,
 25 addenda and extra help, partially offset by increases in testing materials and
 26 special education due process costs.
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1 SUMMARY OF STAFFING LEVEL CHANGES BY FUNCTION

2 The district's proposed budget decreases staffing levels from the prior year by
 3 39.76 FTE or 0.7 percent. Approximately 280 FTE, or about 5 percent of General
 4 Fund staff have been eliminated since FY 2012-13.

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The chart below shows the change in FTE by functional area since FY 2012-13:



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PROPERTY TAXES

	Approved Budget FY 2015-2016	Proposed Budget FY 2016-2017	Increase/ (Decrease)	Percent Change
Total (FY)	239,410,965	246,003,265	6,592,300	2.75%
Estimated Assessed Valuation (CY)	35,029,181,874	35,702,359,247	673,177,373	1.92%
Estimated Mill Rate (CY)	6.84	6.80	(0.04)	-0.58%

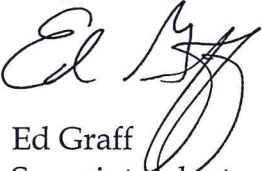
	Actual FY 2015-2016 Sept. 30, 2015	Projected FY 2015-2016 Sept. 30, 2015	Increase/ (Decrease)	Percent Change
Student Enrollment	48,447	48,387	(60)	-0.12%

13

1 The FY 2016-17 Proposed Financial Plan and Budget continues the Anchorage
2 School Board's commitment to improving the education of all students.

3
4 **The Anchorage School District requests the full support of the Anchorage**
5 **Assembly for this budget and in the ongoing efforts to continue a community**
6 **dialogue that focuses on building on the momentum ASD has started to**
7 **achieve.**

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Respectfully submitted,

Ed Graff
Superintendent

20 EG/MF/AR

21
22 Attachments include:

23
24 February 18, 2016 Preliminary Budget Memo (Revised)
25 Comb Bound / PDF Proposed FY 2016-17 Budget under separate cover

ANCHORAGE SCHOOL DISTRICT
ANCHORAGE, ALASKA

ASD MEMORANDUM #156 (2015-2016)

February 18, 2016

TO: SCHOOL BOARD

FROM: ED GRAFF, SUPERINTENDENT

SUBJECT: FY 2016-2017 PRELIMINARY FINANCIAL PLAN AND BUDGET –
REVISED (THIRD READING)

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

The preliminary financial plan and budget is provided to the school board for first reading on February 1, 2016, a second reading on February 16, 2016 and a board vote on the preliminary financial plan and budget scheduled for February 18, 2016.

Consistent with the upper limit budget set in the board's pro forma financial planning guidance and updated enrollment projections, the total Anchorage School District managed funds for FY 2016-17 is \$768.402 million, or about 0.7 percent below the prior year. Including the State of Alaska on-behalf payments, the total for all funds is \$814.402 million or about 0.4 percent lower than FY 2015-16.

Table 1. Individual Fund Budget Summary (in millions \$)

Individual Funds	Actual [1] FY 2013-14	Estimated [1] FY 2014-15	Approved Budget FY 2015-16	Preliminary FY 2016-17	FY 17 Prelim vs FY 16 Budget	
					\$	%
General Fund	\$ 541.301	\$ 547.368	\$ 569.093	\$ 560.271	\$ (8.822)	-1.6%
Transportation Fund	22.328	22.441	23.192	24.192	1.000	4.3%
Grants Fund	44.500	46.165	57.441	58.090	0.649	1.1%
Debt Service Fund	84.703	86.763	87.161	84.634	(2.527)	-2.9%
Capital Projects Fund	17.862	1.376	7.000	10.000	3.000	42.9%
Food Service Fund	20.455	22.850	22.261	23.315	1.054	4.7%
Student Activities Fund	7.643	7.726	7.189	7.900	0.711	9.9%
ASD Managed Total	738.792	734.689	773.337	768.402	(4.935)	-0.7%
SOA PERS/TRS On-behalf	120.288	721.619 [2]	47.347	46.000	(1.347)	-0.2%
Total All Funds	\$ 859.080	\$ 1,456.308	\$ 820.684	\$ 814.402	\$ (6.282)	-0.4%

[1] GAAP basis expenditures with on-behalf pension payments removed from individual funds

[2] PERS and TRS on-behalf has been updated for FY 2014-15 due to SB 119 appropriations of \$3B into PERS/TRS

Summary of Changes by Fund

General Fund:

The changes in General Fund revenues are primarily driven by increases in the State of Alaska Base Student Allocation (BSA) of \$50 and the corresponding local property tax contribution which are offset by the reduction of the use of \$18 million in fund balance authorized by the board to stabilize the FY 2015-16 budget. The decrease over the current year's budget is \$8.822 million or about 1.6 percent.

Pupil Transportation:

There is no change anticipated in pupil transportation revenue from the State of Alaska as HB 120 (2013), which provided for annual increases to transportation funding based on Anchorage CPI, sunsets. Funds are generated through the state's pupil transportation funding program and are paid out based on each district's Average Daily Membership (ADM).

Due to minimum wages increases and the statutory requirement that drivers are to be paid at least double the minimum, the Transportation department will have to make significant changes to address the nearly 9 percent budget gap created by rapidly rising costs and flat revenue. In addition to the reductions proposed later in this memo, the administration is requesting that up to \$1 million be appropriated from the General Fund fund balance to help offset the \$2 million gap.

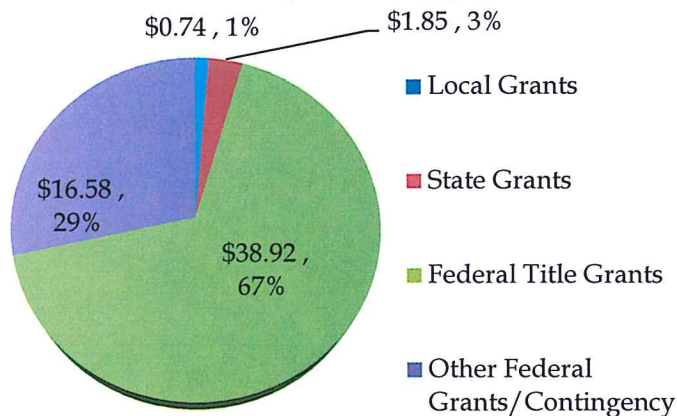
Local/State/Federal Grants:

The district is anticipating an increase in the amount of grants it will receive in FY 2016-17. Federal Title grants constitute approximately 67 percent of the Grants Fund with other federal grants and contingency for awards that have not yet been received providing another 29 percent. State and local grants make up the remaining 4 percent of expected grants.

State grants have been reduced by approximately \$500,000 due to the elimination of pre-kindergarten grants and the reduction of early literacy and STEM grants within the governor's proposal.

Figure 1 below shows the amounts and percentages of local, state and federal awards that are expected for FY 2016-17.

Figure 1. Local/State/ Federal Grant Awards (in millions)



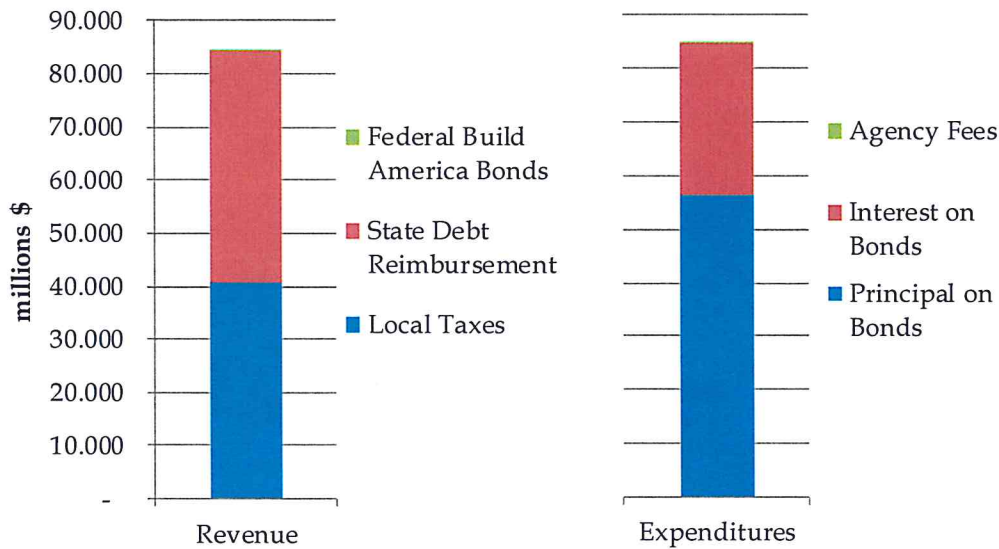
Debt Service Fund

The Debt Service Fund is used to pay expenses associated with voter-approved bonding for the purpose of major capital outlay relating to acquisition, construction and renovation of capital facilities. Annual debt service payments used to pay long-term bonded debt principal, interest and related costs are expected to be \$84.634 million, about \$2.57 million less than the current year. The district’s total gross bonded debt as of June 30, 2015 is \$601.395 million, down from \$774.721 million a decade ago.

Funding for repayment of principal, interest and other expenses comes primarily from the state capital debt reimbursement program and local property taxes. The calendar year tax assessment for the repayment of bonds is estimated at 1.11 mills for 2016. [See page 2, ASD 2016-17 Preliminary Budget]

The following graph shows the revenue sources by agency and the expenditures by type for the Debt Service Fund.

Figure 2. Debt Service Fund



The proportionate share of the cost to repay bonded debt is expected to increase over the next five years as the state has placed a moratorium on the reimbursement program for any new debt approved by voters January 1, 2015 and after.

Capital Projects Fund

The Capital Projects Fund is used to account for state legislative capital grants and has varied widely from year to year. The district is budgeting for a \$3 million increase over the current year, consistent with the board’s pro forma guidance. There were no legislative grants issued during the 2015 session and the total of \$10 million is included to preserve upper limit spending authority within the fund if any grants are received.

Food Service Fund

The Food Service Fund is slated to increase by \$1.054 million, or about 4.7 percent. A decrease in the number of meal sales is expected to be offset by an increase in federal meal reimbursements as well as an increase in the USDA commodities contribution and a slight increase in sales prices.

The migration of revenue from paid meals to federal reimbursement can be attributed to the Community Eligibility Provision program (CEP) which provides free breakfast and lunch to the entire student population of qualifying schools. The CEP program was introduced to 10 new schools in FY 2014-15

bringing the total number of school receiving service up to 30 schools districtwide.

Appendix 5 shows revenue by source and expenditures by organization for the Food Service Fund. More detailed information can be found in the preliminary budget for FY 2016-17.

Student Activities Fund

The Student Activities Fund is used to account for revenues and expenditures generated from student body organizations. For FY 2016-17, an increase in collections and disbursements of \$0.711 million is expected, consistent with historical trends.

General Fund Revenue

Enrollment

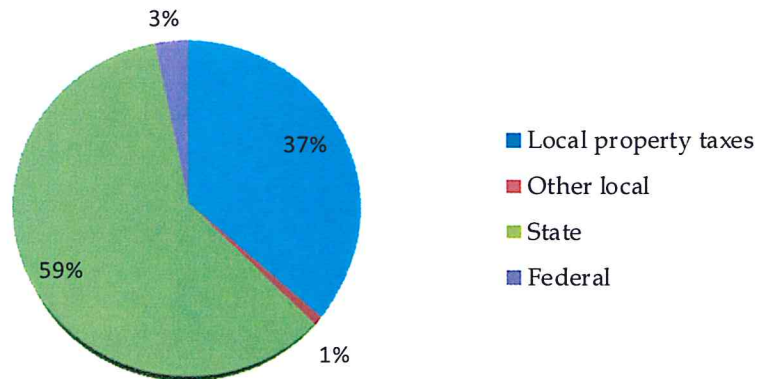
The revenue received by the district is primarily driven by student enrollment. Enrollment flows through the State Foundation Formula in the form of Average Daily Membership (ADM), with adjustments, which sets the amount of the state contribution to education and creates a maximum municipal contribution. Enrollment of students living on JBER is the primary source of Federal Impact Aid as well.

The ADM count for FY 2015-16 was about 330 more than what was projected in the FY 2015-16 adopted budget and the district is projecting a decrease in ADM of about 60 students from the current count based on new demographic information which tracks PFD applications and in and out migration of students as well as trends over the past five years (Anchorage birth rates). This is consistent with projections used for long-range capital planning purposes.

The district's General Fund revenue primarily comes from the state funding formula with local property taxes making up the majority of the remainder. Other local funding consists of interest earnings, user fees and other miscellaneous revenue. Federal Impact Aid, Medicaid and JROTC reimbursement make up the federal revenue.

Figure 3 below shows the percentages of each revenue source:

Figure 3. Revenues by Type



Local Revenue

Local Property Taxes

The district has included in the preliminary budget the assumption that the municipality will continue to contribute local property taxes up to the maximum allowed under the state funding formula. The Anchorage Assembly has shown a strong willingness to help fund education by both increasing funding to the allowable limit and by no longer charging the district for the cost of School Resource Officers and property tax collection.

The municipal taxable property value, on which the *required* local contribution is based, rose approximately 3.1 percent in 2015 to \$39.056 billion (used in the FY 2016-17 foundation formula). This increases the required local contribution by \$3.122 million while reducing state funding on a dollar-for-dollar basis. The required local contribution is \$103.498 million while the additional local contribution is capped at \$101.786 million. The district has included a total of \$205.284 million in local tax appropriations from the MOA in its FY 2016-17 budget.

E-Rate

E-Rate is expected to decline by \$0.145 million from the FY 2015-16 budget. The reduction stems from a change in the Federal Communications Commission's Universal Service Program that steps down the reimbursement for voice services and eliminates other services. The loss of reimbursement for telephone services is

partially offset by an increase in the cost and subsequent reimbursement of internet connectivity and bandwidth.

Other Local Revenue

Facilities rentals, user fees and interest earnings are expected to remain around the same level as the prior fiscal year. Other local revenues which consist of KCC sales, p-card rebate, training fees, recycling and other miscellaneous revenue is relatively flat with anticipated reductions of \$0.007 million from the current fiscal year.

State Funding

Foundation Formula Funding

The Base Student Allocation (BSA) within the State of Alaska Foundation Funding Formula is scheduled to receive a \$50 increase to \$5,930 per student and is consistent with the governor's budget proposal. The increase to the BSA along with an increase in projected enrollment from what was included in the FY 2015-16 budget, generates a total basic need increase of approximately \$6.77 million (\$3.72M for BSA and \$3.05M for enrollment). The increase in the required local contribution offsets these gains by \$3.122 million and the district is expecting a decrease in the deduction for Federal Impact Aid of \$0.533 million. Total state aid is expected to have a net increase of \$4.189 million in FY 2016-17.

Operating Grants outside the BSA

The administration is not currently expecting any operating grants outside of the BSA for FY 2016-17.

Federal Funding

The district is expecting Federal Impact Aid to generate \$16.589 million based on the initial verified counts compiled and submitted in the application for FY 2016-17 funding.

Funding for the JROTC instructor cost sharing reimbursement is expected to increase over the prior year's budget by \$0.145 million. The increase is largely due to anticipated reduction in the program in FY 2015-16 not being realized and is reflective of the current staffing levels and agreements with the respective branches of the military. Medicaid reimbursements are expected to remain consistent with prior years.

Table 3 below shows a comparative analysis of the FY 2015-16 adopted and FY 2016-17 preliminary General Fund revenue budgets as well as two prior years of

actual data. The actual data excludes PERS and TRS on-behalf payments for comparability purposes.

General Fund Budgeted Revenue

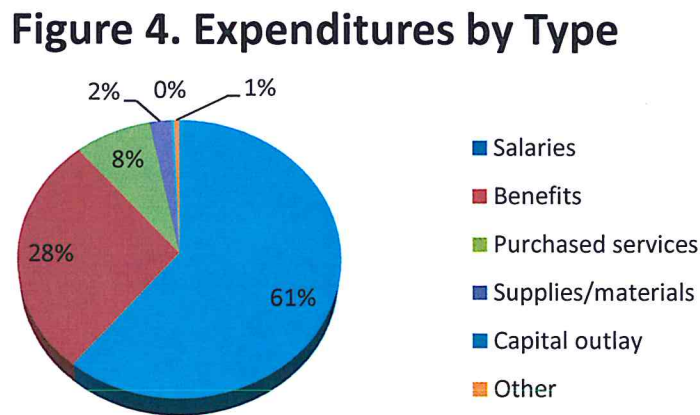
Table 2. Preliminary General Fund Budget (in millions \$)

Line #	Individual Funds	Actual	Actual	Revised	Prelim	FY 17 Prelim vs FY	
		FY 2014-15	FY 2014-15	Budget FY 2015-16	FY 2016-17	16 Budget \$	%
Local Revenue							
1	Property taxes	\$ 192.466	\$ 200.213	\$ 200.603	\$ 205.284	\$ 4.681	2.3%
2	Fund balance	7.000	1.621	18.000	-	(18.000)	-100.0%
3	E-rate	2.040	1.924	1.500	1.355	(0.145)	-9.7%
4	Interest earnings	1.664	0.443	1.000	1.000	-	0.0%
5	Facility rentals	0.827	0.677	0.725	0.725	-	0.0%
6	User fees	1.470	1.530	1.404	1.404	-	0.0%
7	Other local	0.474	0.655	0.397	0.390	(0.007)	-1.8%
8	Total local revenue	205.941	207.063	223.629	210.158	(13.471)	-6.0%
State revenue							
9	Foundation funding	317.473	326.610	326.487	330.668	4.181	1.3%
10	Operating grants outside BSA	7.473	12.661	-	-	-	0.0%
11	Quality School Grant	1.188	1.187	1.183	1.191	0.008	0.7%
13	State tuition reimbursement	0.408	0.408	0.405	0.405	-	0.0%
14	Total state revenue	326.542	340.866	328.075	332.264	4.189	1.3%
Federal revenue							
14	Federal Impact Aid	18.142	21.484	16.274	16.589	0.315	1.9%
15	JROTC instructor reimbursement	0.763	0.848	0.615	0.760	0.145	23.6%
16	Medicaid reimbursement	0.689	0.489	0.500	0.500	-	0.0%
17	Total federal revenue	19.594	22.821	17.389	17.849	0.460	2.6%
18	General Fund Budgeted Revenue	\$ 552.077	\$ 570.750	\$ 569.093	\$ 560.271	\$ (8.822)	-1.6%

*excludes PERS and TRS on-behalf payments for comparability purposes

General Fund Expenditures

The General Fund is the primary operating fund of the district and is comprised mostly of employee salaries and benefits. Figure 4 below shows the expenditure percentages by type:



Staffing Levels

Early on in the budget development process, the administration and board engaged the community through four interactive public forums that allowed participants to vote on the importance of a range of educational topics and what is most important to them and what could be reduced or eliminated if required. Small group discussions were facilitated to brainstorm ideas for revenue generation as well as to identify what things should be maintained if possible and what could possibly be reduced. The district also engaged the public through an online platform called ThoughtExchange that allowed participants to share their thoughts and identify values and concerns they have with public education and consulted key stakeholders including parents, principals, teachers and other employee bargaining groups. More than 7,500 people participated in ThoughtExchange sharing 15,502 thoughts.

Based on in-person conversations and online input provided by stakeholders, administrative analysis and input from principals, parents, teachers and students, the majority indicated preserving high-quality instruction, maintaining or reducing class size and highly valued programs were the most important things to consider when creating the budget. The feedback listed administration, assistant principals, transportation and student nutrition as areas to consider first for any necessary reductions.

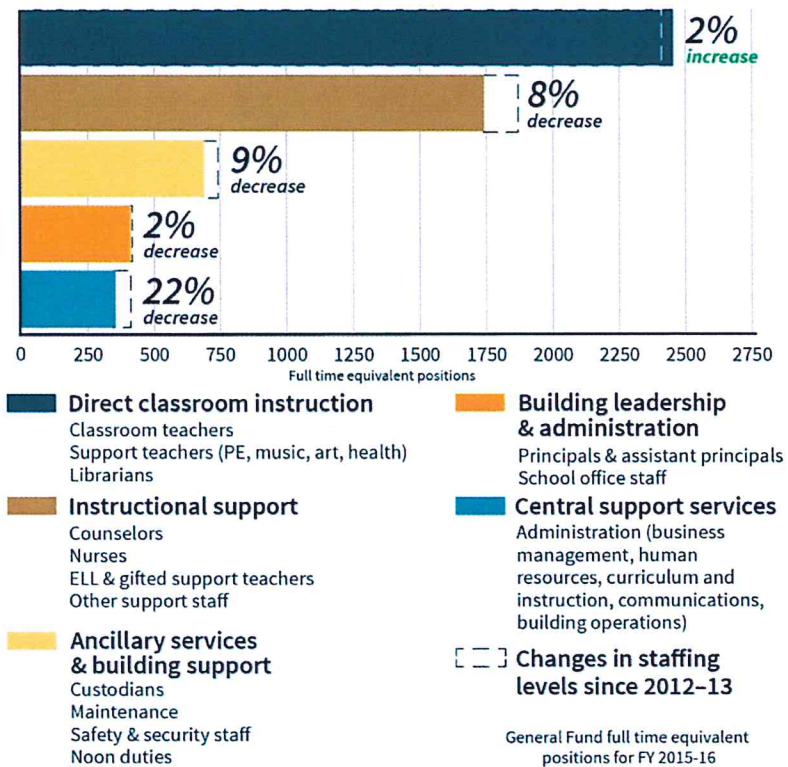
Appendix 1 shows total staffing by functional area for FY 2016-17 as compared to the prior two years and appendix 2 shows the changes by department from the FY 2015-16 Adopted Budget to the FY 2016-17 Preliminary Budget.

Direct Classroom Instruction

Pupil Teacher Ratio (PTR) Adjustment - (\$8.000) million

Over the last four years, the district has been able to increase direct classroom instruction while reducing support positions to better align the district with benchmark staffing. The district has increased the proportion of teaching staff who are involved in direct classroom instruction over the last four years while reducing support functions districtwide.

The chart below shows the change in FTE by functional area since FY 2012-13.



As more support services have been cut, the district has heard feedback from principals, teachers and others who feel that support services are stretched thin. The district will continue its efforts in strengthening our services and meeting strategic goals of being in the top quartile of key performance indicators, recognizing that with additional reductions to support services, there may be an adjustment to the levels of service that employees, parents and students are accustomed to receiving.

The adjustment of the PTR by one student equates to about 80 Full Time Equivalent (FTE) districtwide. This adjustment would impact all schools including elementary, middle, high and alternative schools. While the PTR adjustment of one is based on the idea of one additional student per classroom, this is not actually possible. The new PTR targets for specific grade levels will serve as a guide, but the reality is there will be fewer teachers available to distribute to schools. Allocations will be made after consideration of projected enrollments for next year and specific program needs. The Elementary and Secondary Executive Directors will work closely with principals to determine how to utilize the teacher allocation to structure their schedules and meet the needs of their student populations. With fewer classroom teachers at the elementary level, there will be a corresponding reduction in the number of

specialists needed to serve those classrooms and provide contractually required planning time. This includes PE, Health, Art, and Music. At the secondary level, there is the potential for reductions in specific programs or offerings.

The district has added back an additional 13.3 teacher FTE as additional resources throughout the budget process have been identified to help mitigate the loss of resources. The net reduction for the PTR and enrollment adjustments is 66.7 FTE, exclusive of changes in charter schools and specialized alternative programs.

Appendix 3 shows the PTR history of the district since FY 1994-95.

Instructional Support

Instructional support is predominately school based services provided on an as-needed basis to specific populations within the district. These services are provided through counselors, nurses, Special Education, Gifted, English Language Learners, Native Education, teacher assistants and library aides.

The following changes are being recommended for FY 2016-17:

Special Education and Related Services - \$1.315 million

The district has experienced an increase in the population of intensive needs students and growing service level requirements for non-intensive special needs students over the past few years. In order to maintain a consistent, safe ratio of students to staff, the district is proposing increasing the FTE available to address the growing need for services. In addition to FTE, the service level requirements have necessitated an increase in supplies and increased summer school support.

The district has added approximately \$1.315 million to address emergent special education needs in the following areas:

- \$1.025 million – 15.5 FTE for teachers, teachers assistants and counselors
- \$0.192 million – summer school
- \$0.065 million – Compuclaim Medicaid billing software
- \$0.033 million – supplies, services and equipment

English Language Learners (ELL) - \$0.363 million

The district has experienced a rapid increase in the number of ELL students needing services, outpacing the proportionate number of staff available to serve them. The following FTE have been added to address current needs at a total cost of \$0.363 million:

- 3.275 FTE Tutors
- 1.49 FTE Teachers

- 0.5 FTE Counselor
- 0.125 FTE Clerical

Gifted Education- (\$0.102 million)

There are currently 25.3 FTE in the IGNITE program. The reduction of 1.0 FTE will require some reallocation between schools to balance workloads. All schools and students will still be served by the IGNITE program, but there could be some delay in eligibility testing as there will be fewer individuals to handle an increasing number of referrals.

Title VII - Indian Education

General fund support for Indian Education remains unchanged for FY 2016-17.

Building Leadership and Administration

Assistant Principals - (\$0.450) million

Elementary:

There are currently nine elementary assistant principals serving 16 schools. Fairview and Sand Lake each have a full-time assistant principal and the remaining seven assistant principals each serve two schools equally. The assistant principals support the programs, students, parents and staff within these schools, and receive the mentoring and experience to prepare them to lead schools as principals. For the 2015-16 school year, eight of our assistant principals from the previous year became principals within the district. The elimination of one assistant principal will impact two of the smaller schools currently being served, but should still allow the district to develop the educational leaders needed.

Middle School:

There are currently 12 middle school assistant principals serving the 10 comprehensive middle schools. Begich and Clark, each with more than 1,000 students, have two assistant principals. The others schools each have one. The elimination of one assistant principal will impact Wendler and Central, our two smallest middle schools. Following the elementary model, these schools will share a single assistant principal equally. With this reduction, both of these schools will still be under the average pupil-administrator ratio (PAR) for secondary schools. Substantial work will need to be completed on prioritizing daily duties to insure that essential activities are completed. The principals at Central and Wendler will be required to take on additional responsibilities with student discipline, activities and teacher evaluation.

High School:

There are currently 28 assistant principals serving the eight comprehensive high schools. The number of assistant principals allocated to each school has largely been a factor of student enrollment. The reduction of one assistant principal will impact Chugiak High School, which will go from three assistant principals to two. This reduction means Chugiak will have the same allocation as Eagle River High School, and be only 12 students above the average PAR for secondary schools. Re-prioritizing administrative daily duties will be required to ensure that essential activities are completed. The principal and remaining two assistant principals will be required to take on different and/or additional responsibilities, including discipline, activities, and teacher evaluation. Eagle River High School will be used as a model for transition.

Ancillary Support and Central ServicesPersonnel Services

Ancillary building support and districtwide central services have experienced deep cuts since FY 2012-13, eliminating more than 124 FTE, about 22 percent, across Operations/ Maintenance, Finance/Office of Management and Budget, Purchasing/Warehouse, Communications, IT, Curriculum/Instruction and Human Resources.

For FY 2016-17, the district will continue to streamline central support operations and has proposed the following departmental changes:

Assistant Superintendent of Instructional Support - (\$0.210) million

Centralized Enrollment:

The district had set aside funds to pay for centralized enrollment in last year's budget in order to maintain the initiative. Various departments were able to utilize existing allocations to provide the necessary services which will allow for a reduction of approximately \$50,000. The department has reduced approximately \$18,000 in other non-personnel areas and has eliminated the following positions:

MSI Coordinator- (1) FTE:

Prior to using the Response to Instruction framework, ASD had a dedicated department that screened for and provided classroom instruction and strategies using Multi-Sensory Instruction (MSI) for students who were struggling with reading. ASD's current framework for instruction utilizes more refined multi-tiered systems of support (MTSS), which includes universal screening, progress monitoring and supports for students who not only struggle in reading and math, but can also benefit from enrichment. The Slingerland Assessment, while useful years ago, is not as sensitive for identifying learning deficits in the areas of

reading, writing and math as other diagnostic tools we now have available. The diagnostic component that was “MSI screening” will continue to be offered through contracted services and Saturday screenings. ASD has a number of classroom teachers trained in MSI and will continue to offer training through ASD Summer Academy as it takes into account that different students learn in different ways, but a specific coordinator is no longer necessary. The anticipated savings of this position elimination is \$110,000.

Early Childhood Outreach - (0.49) FTE:

The administration is eliminating the part-time early childhood outreach position which was added to help facilitate growth of preschool programs and assist in developing partnerships with community organizations to provide pre-k services. Since the funding for pre-k has been reduced, both through the reduction of funds outside the BSA the district had set aside for pilot projects in FY 2015-16 and the governor’s proposed elimination of preschool grants from the state, the position is no longer needed.

Library Resources - (\$0.087) million

The elimination of one Bibliographic Control Clerk 2 will result in some reduced services from Library Resources. The Curriculum Library (which provides shared curriculum related tubs and videos) will likely be eliminated as the circulation of many of these materials has dropped considerably over the past few years. Arrangements for materials still used (primarily Health and PE) will need to be shifted to those respective departments. Impacts to students and schools will include slower response time in processing new materials to the library catalog and a reduction to improvements to the library system (LS2), which could affect the ability of students and staff to find things using the library catalog.

Professional Learning - (\$0.041) million

The reduction of \$41,000, which constitutes 5 percent of the Professional Learning Department budget, will come from Added Duty Certificated, which is used for mentoring, new teacher support, leadership professional development, and professional development outside the school day. In reviewing the usage of funds in this category over the past couple of years, and taking into account what will be needed when the UGO grant ends, it has been determined that Professional Learning can still support new teachers as required by Section 463 in the AEA contract (Mentoring and Instructional Coach Programs) with this reduction of \$41,000.

Career Technical Education - (\$0.025) million

The reduction of \$25,000 from the Career Technology Education department will come from Added Duty. After looking at past budgets and taking into account

what will be needed for programming for next year, it was determined that through careful planning, even with this reduction the CTE program can move forward without reducing student opportunities for students.

Student Activities - (\$0.013) million

The reduction of \$13,000 from Student Activities is the result of net changes anticipated in travel, trail maintenance, and insurance costs for next year. There is no reduction in services or opportunities.

Assessment and Evaluation - \$0.074 million

Assessment and Evaluation's budget increase for 2016-17 is primarily due to the anticipated increase in the use of the Measures of Academic Progress (MAP) assessment in 2016-17. MAP has been a pilot assessment at two middle schools and one charter school during the 2015-16 school year. These schools no longer use AIMSweb. Moving beyond the pilot year, MAP will be implemented in all ASD middle schools. These schools will no longer use the AIMSweb assessment. The cost differential between the increased number of students utilizing MAP and correlating decrease in AIMSweb is \$87,000. This increase is offset by further reductions of \$13,000 in extra help, services and software renewal, largely related to the elimination of the Standards Based Assessment.

Human Resources - (\$0.073) million

Human Resources has reduced \$73,000 in costs associated with substitute teacher incentives, added duty and applicant testing for potential teachers.

Risk Management - (\$0.016) million

Software support and funding for special projects have been reduced for FY 2016-17. The reduction should not cause any disruption to the level of service in Risk Management and the related workers' compensation and general liability claims processing.

Information Technology - (\$0.008) million

The administration is recommending adding one net FTE to support district initiatives. The total cost of the FTE increase is approximately \$180,000 and consists of the following:

Reduction of one Tech Support I position:

By restructuring the help desk and guiding schools to select technology that needs less support, the reduction of one tech support position will not substantially change current service levels. Schools are selecting Chromebooks as replacements for traditional laptops and desktops and they can be fully managed centrally without the need for lengthy imaging or data transfer processes. By restructuring the help desk and investing in remote support technologies, the

help desk will continue to resolve more issues on first contact and remotely, easing the burden on tech support positions.

Addition of two Applications Staff:

The ability for technical staff to work with academic and business services staff has been greatly reduced as we have increased the number of applications in use across the district. Additional staff will provide more time to help discover, plan, and implement innovative solutions to district problems and needs. With these positions we plan to:

- Expand the use of real-time data tools (data dashboard etc.),
- Expand the development of custom applications to support district initiatives,
- Expand districtwide automation projects to help reduce workload as staff is reduced due to budget constraints,
- Expand the work on approved projects to ensure timely delivery, and
- Provide redundancy in our hardest to fill positions to ensure continuity and succession planning as staff retire or move to new positions.

The increase in FTE costs are offset by a combination of savings from lower overall software costs for FY 2016-17 and an increase in bandwidth, and voluntary calendar changes for employees reducing their contract 10 days, together totaling a reduction of \$188,000 from FY 2015-16. The net savings across the department is about \$8,000.

Purchasing/Warehouse - (\$0.075) million

The Purchasing Department has reduced funding for supplies and mailing by \$17,000. This may reduce the district's capacity for mass mailings if additional, unexpected volume is required for testing or other communication. Additionally, extra help budgets for the Purchasing and Warehouse functions have been reduced by \$39,000. This reduction may limit the department's ability to purchase additional staff time during peak purchasing times to address any backlogs and could result in reduction or elimination of capital project moves, intra-district mail service, surplus management and archive services. Some tasks such as inventory, asset tagging, freight distribution and truck transfers will receive lower priority and increased lag times in services. The department is also expected to save an additional \$9,000 in warehouse fuel cost.

Communications - (\$0.105) million

The Communications Department is restructuring to address fiscal constraints and to implement shared services with the Municipality of Anchorage. ASD cable channel 14 programming was moved to municipal cable channel 9, effective Feb. 1.

As part of the restructuring of duties and assignments, the department will eliminate one FTE media production specialist position and one FTE communications specialist position. As a result of eliminating the communications specialist position, the department will continue to struggle to provide strategic support to schools and departments and instead focus primarily on immediate or reactionary needs. Schools and departments will see the following projects fall further behind or be eliminated:

- Diversity initiatives
- Focused support to translating communication materials into multiple languages
- Production of additional print and electronic materials to support specific school needs
- Super Sweeper litter prevention program (joint effort with Anchorage Chamber of Commerce)
- Social media campaigns
- Focused customer service programs and training
- D2020/Framework for Success campaigns such as workplace safety
- DVD duplication (often needed for grant proposals)

Some savings from the position elimination will be retained for contracted services to record school board meetings and work on video projects as needed. The net savings to the department is approximately \$105,000.

Reinsurance and PCORI Fees (\$0.111) million

Costs for reinsurance and PCORI fees associated with the Affordable Care Act are being transferred to the Health Insurance Fund to be paid with funds reserved for administrative fees. The fees are levied for each covered life under the district's health plan.

Audits and Management Reviews - (\$0.034) million

The amount spent on audits and management reviews is expected to decrease in FY 2016-17 based on expected usage.

Districtwide Travel - (\$0.050) million

The district is reducing its travel budget by about 25% or \$50,000.

Legal Fees and Special Education Due Process - \$0.100 million

The district is anticipating a reduction in the cost of legal services and an increase in the cost associated with special education due process which is a combination of legal costs and implementation of judiciary outcomes.

Safety and Security - \$0.150 million

In FY 2015-16, the board approved the creation of a Director of Safety and Security position to oversee all aspects of ASD security and safety programs, related equipment acquisition and maintenance, training and inspections. Carrying this position into FY 2016-17 will add approximately \$150,000 to the district's budget.

Maintenance - \$0.150 million

The district is recommending the elimination of two FTE carpenter positions that would save approximately \$200,000. There are currently 16 carpenter positions in the department and this could potentially limit the number of discretionary projects completed during the year as focus is shifted to ensuring compliance issues are addressed first. Additionally, the maintenance and operations department will manage its attrition and vacancy rates throughout the year to realize an additional savings of \$150,000.

The administration also is recommending that an additional \$500,000 be included in the maintenance budget for supplies and materials. This increase will support the district's efforts in maintaining its facilities and get funding back in line with the historical needs.

Other ConsiderationsAttrition

The district continues to experience high turnover in some positions such as special education teaching assistants, noon duties and crossing guards and has difficulty filling many specialized positions including psychologists, speech-language pathologists and special education resource teachers. The district currently hires around two-thirds of its teaching staff from the Lower 48 and, as the economy has picked up there, applicant pools for all positions have decreased in size. Shrinking pools of applicants have led to slower growth in average teacher salaries and a decline in the average educational attainment levels of all teachers districtwide.

The district has added \$6.5 million into benefit attrition to capture the money that is expected to be unspent for those employees who waive medical insurance and \$0.2 million has been added to offset the supply funding that is left in various school and department accounts at the end of the year.

The administration will continue to monitor turnover and vacancies, being mindful of the upper limit spending authority set by the school board and municipality.

Utilities

The administration continues to monitor regulatory filings and assess the impacts that rate adjustments may have on the district. The district has been fortunate over the last few years in having relatively mild winters but remains cognizant that weather patterns could change requiring additional heating and electrical usage than what has recently become the norm.

Transportation Fund Expenditures

The district has made several adjustments in service levels provided for pupil transportation due to the anticipation of flat revenue and rapidly increasing expenditures due to the increase in minimum wage and the statutory requirement to pay bus drivers at least two times the minimum. The changes have resulted in a \$2 million budget gap for FY 2016-17 which makes up about 9 percent of the transportation budget.

The administration is in the process of making a final determination of changes to transportation services of at least \$1 million which could include:

- service reductions,
- supplies and equipment replacement,
- schedule adjustments, and
- revenue generation

The administration is requesting a fund balance transfer from the General Fund to make up the additional funds necessary to keep a reasonable level of consistency within transportation services.

Unfunded Needs

Appendix 4 identifies items the district was not able to include as a matter of prioritization in the FY 2016-17 budget.

EG/MF/MG/TR/AR

Prepared by: Andy Ratliff, Executive Director, OMB

Approved by: Mark Foster, Chief Financial Officer
Mike Graham, Chief Academic Officer
Tom Roth, Chief Operating Officer

2016 Revised Operating Budgets and Taxes

Appendix 1. General Fund Staffing

	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY17 Prelim
Classroom Instruction	2,420.09	2,434.43	2,423.70	2,463.78	2,411.61
Teachers					
Classroom (Pupil Teacher Ratio)	1,942.79	1,952.88	1,958.47	2,010.31	1,973.94
Other Direct Classroom Instruction	477.30	481.55	465.23	453.47	437.67
Instructional Support	1,742.23	1,617.27	1,603.21	1,605.08	1,622.05
Counseling Services					
Certificated	89.60	96.40	99.70	99.80	99.80
Paraprofessional	16.00	0.00	0.00	0.00	0.00
Nursing Services					
Certificated	75.89	76.29	76.00	77.29	77.80
Paraprofessional	18.88	18.70	18.70	18.70	18.70
Special Education (SPED) Services					
Special Ed Service Teachers	530.84	526.84	526.40	526.15	528.40
SPED Voc Ed Teachers	14.00	14.00	6.00	6.00	6.00
Psychologists	43.70	44.20	43.70	43.70	43.70
Counselors	13.00	4.00	4.00	4.00	4.00
Directors	6.00	6.00	6.00	6.00	6.00
Paraprofessional	547.78	494.08	497.21	497.71	508.46
English Language Learners (ELL)					
Certificated	61.50	53.30	45.80	51.30	53.29
Classified	120.63	112.00	110.97	102.60	106.00
Gifted (Ignite, pull-outs)					
Certificated	57.00	35.25	31.30	31.81	30.81
Classified	3.31	3.31	3.31	4.06	4.06
Native Education	11.06	11.06	11.06	11.06	11.06
Education Tech Support	0.00	0.00	0.00	1.00	1.00
Kindergarten Teaching Assistants	79.63	80.50	81.75	78.75	78.75
Teacher Assistants	24.19	22.84	23.12	24.07	22.64
Library/Media Aides	24.50	14.00	13.99	14.68	14.68
Other Support Staff	4.72	4.50	4.20	6.40	6.90
Leadership/Supervision/Support	411.30	413.69	402.62	402.45	401.45
Principals	146.50	96.00	95.00	95.00	96.00
Assistant Principals	2.80	55.80	54.00	54.00	51.00
Secretaries, Admin Asst & Support Staff	262.00	261.89	253.62	253.45	254.45
Ancillary Support Services	138.90	136.19	137.94	137.11	137.04
Safety/Security	65.50	61.00	61.00	61.00	61.00
A/V Bldg Support	0.00	2.00	3.00	3.00	3.00
Noon Duty	73.40	73.19	73.94	73.11	73.04
Building Services	551.30	505.80	494.80	491.80	490.80
Custodial Services	377.30	340.80	340.80	341.80	342.80
Building Maintenance	174.00	165.00	154.00	150.00	148.00
System-Wide Services	353.90	306.70	286.24	277.49	275.00
Instructional Support (CAO)	108.35	78.95	62.94	53.99	51.50
Operational Support (COO)	34.60	27.80	27.30	28.50	29.50
Admin Support (HR, CFO/IT)	200.95	189.95	185.00	184.00	183.00
Central Leadership (Superintendent & Board)	10.00	10.00	11.00	11.00	11.00
TOTAL	5,617.72	5,414.08	5,348.51	5,377.71	5,337.95

Appendix 2. Departmental Changes

Line #		\$ millions	
		Total	FTE
1	Central Services		
2	Assistant Superintendent of Instructional Support Services	(0.210)	(1.49)
3	Library Services	(0.087)	(1.00)
4	Communications	(0.105)	(2.00)
5	Purchasing/Warehouse	(0.075)	
6	Human Resources	(0.073)	
7	Professional Learning	(0.041)	
8	Career & Technical Education	(0.025)	
9	Risk Management	(0.016)	
10	Student Activities	(0.013)	
11	Information Technology	(0.008)	1.00
12	Safety and Security	0.150	1.00
13	Assessment & Evaluation	0.074	
14	Building Administration		
15	Assistant principals	(0.450)	(3.00)
16	Ancillary Support Services		
17	Maintenance positions	(0.350)	(2.00)
18	Maintenance materials	0.500	
19	Instructional Support		
20	Special Education personnel	1.025	15.50
21	Special Education non-personnel	0.290	
22	English Language Learners	0.363	5.39
23	Gifted Education	(0.102)	(1.00)
24	Direct Classroom Instruction		
25	PTR Adjustment	(8.000)	(80.00)
26	Enrollment increase and rounding adjustments	1.330	13.30
27	Other Adjustments		
28	Districtwide audits and management reviews	(0.034)	
29	Districtwide travel	(0.050)	
30	Districtwide legal services	0.100	

Appendix 3. Pupil-Teacher Ratio (PTR) History

	K	1	2	3	4	5	6	7	8	9	10	11	12
FY 1994-95	20.50	24.00	24.00	26.00	27.00	27.00	27.00	26.25	26.25	27.08	27.08	27.08	27.08
FY 1995-96	20.50	24.00	24.00	26.00	27.00	27.00	27.00	26.25	26.25	27.08	27.08	27.08	27.08
FY 1996-97	20.50	24.00	24.00	26.00	27.00	27.00	27.00	26.25	26.25	27.08	27.08	27.08	27.08
FY 1997-98	20.50	24.00	24.00	26.00	27.00	27.00	27.00	26.25	26.25	27.08	27.08	27.08	27.08
FY 1998-99	20.50	21.00	24.00	24.00	27.00	27.00	27.00	26.25	26.25	27.08	27.08	27.08	27.08
FY 1999-00	20.50	21.00	24.00	24.00	27.00	27.00	27.00	26.25	26.25	27.08	27.08	27.08	27.08
FY 2000-01	20.50	21.00	25.00	25.00	28.00	28.00	28.00	26.25	26.25	27.91	27.91	27.91	27.91
FY 2001-02	20.50	21.00	24.00	24.00	27.00	27.00	27.00	25.54	25.54	27.08	27.08	27.08	27.08
FY 2002-03	20.50	21.00	24.00	24.00	27.00	27.00	27.00	25.54	25.54	27.08	27.08	27.08	27.08
FY 2003-04	20.50	21.00	24.00	24.00	27.00	27.00	27.00	25.54	25.54	27.08	27.08	27.08	27.08
FY 2004-05	20.50	20.00	24.00	24.00	27.00	27.00	27.00	25.54	25.54	27.08	27.08	27.08	27.08
FY 2005-06	20.75	21.25	24.25	24.25	27.25	27.25	27.25	25.79	25.79	27.33	27.33	27.33	27.33
FY 2006-07	20.75	21.25	24.25	24.25	27.25	27.25	27.25	25.79	25.79	27.33	27.33	27.33	27.33
FY 2007-08	20.50	21.00	24.00	24.00	27.00	27.00	27.00	25.54	25.54	27.08	27.08	27.08	27.08
FY 2008-09	20.50	21.00	24.00	24.00	27.00	27.00	27.00	25.54	25.54	27.08	27.08	27.08	27.08
FY 2009-10	20.50	21.00	24.00	24.00	27.00	27.00	27.00	25.54	25.54	27.08	27.08	27.08	27.08
FY 2010-11	20.50	21.00	24.00	24.00	27.25	27.25	27.25	26.25	26.25	27.91	27.91	27.91	27.91
FY 2011-12	20.50	21.00	24.00	24.00	27.25	27.25	27.25	26.25	26.25	27.91	27.91	27.91	27.91
FY 2012-13	20.50	21.00	24.25	24.75	25.25	25.25	26.25	27.25	27.25	29.41	29.41	29.41	29.41
FY 2013-14	20.00	21.00	24.00	24.00	25.00	25.00	26.00	27.25	27.25	29.41	29.41	29.41	29.41
FY 2014-15	20.00	21.00	24.00	24.00	25.00	25.00	26.00	27.25	27.25	29.41	29.41	29.41	29.41
FY 2015-16	20.00	21.00	24.00	24.00	25.00	25.00	26.00	27.25	27.25	29.50	29.50	29.50	29.50
FY 2016-17 Prelim	21.00	22.00	25.00	25.00	26.00	26.00	27.00	28.25	28.25	30.50	30.50	30.50	30.50

Appendix 4

Unfunded supplies and equipment

	Estimated Cost
Curriculum and Instruction	
1 K-8 Language Arts curriculum adoption (2004)	6,000,000
2 Summer school	2,000,000
3 Transmath	200,000
4 Chinese immersion materials	20,000
Subtotal Curriculum and Instruction	<u>8,220,000</u>
Information Technology equipment and devices	
1 Teacher devices	4,945,000
2a Current student devices	15,229,000
2b Chromebook standardization	(10,000,000)
3 Servers and storage	368,000
4 Classroom technology	963,000
Subtotal Information Technology	<u>11,505,000</u>
Support services	
1 Districtwide facility condition assessment	700,000
2 Student Nutrition delivery trucks (x2)	300,000
3 NoteBook tablets (x125)	112,500
4 Student Transportation wheel lifts (x4)	75,000
5 Emergency management contract	50,000
6 Other Operations/Maintenance equipment less than \$10,000	49,200
7 AED supplies	40,000
8 Autoscrubber (x10)	35,000
9 Carpet extractor (x10)	35,000
10 Wet/dry vacuum (x30)	27,000
11 Genie lift - large	25,000
12 Buffers (x20)	18,000
13 Genie lift- small	12,000
14 Districtwide ADA assessment	no cost estimate
15 Districtwide keyless entry system	no cost estimate
Subtotal support services items	<u>1,478,700</u>
Total unfunded items	<u><u>\$ 21,203,700</u></u>

Appendix 5 - Food Service Fund

Anchorage School District
Fiscal Year 2016-2017

STUDENT NUTRITION DEPARTMENTS
FOOD SERVICE FUND

REVENUES BY SOURCE

	2014-2015	2015-2016	2016-2017	FY 17 Prelim vs FY 16	
	Actuals	Revised	Preliminary	Budget	%
	\$	\$	\$	\$	%
Local Sources					
Sales	\$ 2,274,551	\$ 2,186,567	\$ 2,398,077	\$ 211,510	9.7%
Total Local	2,274,551	2,186,567	2,398,077	211,510	
State Sources					
Supplemental State Funding, PERS/TERS	2,845,232	-	-	-	0.0%
Nutritional Alaska Foods Grant	517,975	640,000	263,558	(376,442)	-58.8%
Total State	3,363,207	640,000	263,558	(376,442)	-58.8%
Federal Sources					
Reimbursements for Meals	17,727,594	18,338,313	19,073,857	735,544	4.0%
Fresh Fruit and Vegetable Grant	615,288	679,150	679,150	-	0.0%
USDA Commodities	816,909	416,770	900,000	483,230	115.9%
Total Federal	19,159,791	19,434,233	20,653,007	1,218,774	6.3%
Total Revenue	\$ 24,797,549	\$ 22,260,800	\$ 23,314,642	\$ 1,053,842	4.7%
EXPENDITURES BY ORGANIZATION					
Food Service Administration (6639)	\$ 2,204,096	\$ 2,178,181	\$ 2,231,779	\$ 53,598	2.5%
Food Service Center (6640)	5,359,787	3,543,326	4,141,688	598,362	16.9%
Elementary Kitchens (6641)	7,024,180	7,457,043	7,335,353	(121,690)	-1.6%
Middle School Kitchens (6642)	3,852,057	3,112,664	3,303,878	191,214	6.1%
High School Kitchens (6643)	4,335,651	3,510,250	3,810,196	299,946	8.5%
Food Service Delivery (6644)	2,303,633	1,819,336	1,871,748	52,412	2.9%
Student Nutrition Grants (6650)	615,288	640,000	620,000	(20,000)	-3.1%
TOTAL	\$ 25,694,692	\$ 22,260,800	\$ 23,314,642	\$ 1,053,842	4.7%

The Food Service Fund is to account for the operations of the school district's Student Nutrition Program. Financing is provided by user fees and proceeds received under the National School Lunch and Breakfast Programs and state and federal grants.