

7-21-98 No action  
taken on Notice by Mr. Bell

CLERK'S OFFICE  
**AMENDED AND APPROVED**  
Date: 3-24-98

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

Prepared by: Anchorage School District  
For Reading: March 2, 1998

NOTICE TO AMEND SOMETHING PREVIOUSLY  
ADOPTED WASG IVEN BY MR. BELL 7-14-98

ANCHORAGE, ALASKA  
AO NO. 98-46

AN ORDINANCE DETERMINING AND APPROVING THE TOTAL AMOUNT  
OF THE ANNUAL OPERATING BUDGET OF THE ANCHORAGE SCHOOL  
DISTRICT FOR ITS FISCAL YEAR 1998-99 AND DETERMINING AND  
APPROPRIATING THE PORTION OF THE ASSEMBLY APPROVED BUDGET  
AMOUNT TO BE MADE AVAILABLE FROM LOCAL SOURCES

THE ANCHORAGE ASSEMBLY ORDAINS:

\$376,855,230

Section 1. That the FY 1998-99 Proposed Anchorage School District  
budget in the amount of ~~\$376,855,230~~ has been approved and appropriated by the  
Anchorage Assembly and that, of said amount, the amount of ~~\$110,584,217~~ shall be \$108,967,217  
the amount of money to be appropriated from local property taxes or other local  
sources for school purposes to fund the School District for its 1998-99 fiscal year.

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

PASSED AND APPROVED by the Anchorage Assembly, this 24th day of  
March 1998.

  
Chair

ATTEST

  
Municipal Clerk



# MUNICIPALITY OF ANCHORAGE

## ASSEMBLY MEMORANDUM

No. AM 310-98

Meeting Date: March 24, 1998

FROM: Mayor

SUBJECT: Anchorage School District FY 1998-99 Budget

I recommend that the Assembly approve the Anchorage School District FY 1998-99 budget as proposed by the District. As a matter of procedure, however, I agree with the School Budget Advisory Commission's recommendation that the Assembly follow its traditional procedure of increasing the budget after the April election, if the voters approve new bonds. Any increases to the FY 1998-99 budget resulting from approval by the voters of any of the 1998 Municipal election bond propositions can be approved by the Assembly prior to setting the 1998 mill levies which is scheduled for April 28, 1998.

I RECOMMEND THAT THE ANCHORAGE MUNICIPAL ASSEMBLY AMEND AO 98-46 AS FOLLOWS TO DELETE THE \$1,617,000 DEBT SERVICE ON THE SCHOOL BONDS ON THE APRIL 21, 1998 MUNICIPAL ELECTION BALLOT:

- (1) REDUCE THE AMOUNT OF THE FY 1998-99 ANCHORAGE SCHOOL DISTRICT BUDGET FROM \$378,472,230 TO \$376,855,230.
- (2) REDUCE THE AMOUNT OF LOCAL PROPERTY TAXES OR OTHER LOCAL SOURCES FOR SCHOOL PURPOSES FROM \$110,584,217 TO \$108,967,217.

Respectfully submitted,

Rick Mystrom  
Mayor

ANCHORAGE SCHOOL DISTRICT  
ANCHORAGE, ALASKA  
AM 162-98

MEMORANDUM

March 2, 1998

TO: THE HONORABLE RICK MYSTROM  
ANCHORAGE ASSEMBLY

FROM: OFFICE OF THE SUPERINTENDENT 

SUBJECT: ANCHORAGE SCHOOL DISTRICT FINANCIAL PLAN—FY 1998-99

PROPOSED FINANCIAL PLAN

The Anchorage School Board has approved the Proposed Financial Plan for FY 1998-99 in the amount of \$378,472,230. This includes individual fund budgets currently projected as follows:

	Proposed FY 1998-99 <u>Financial Plan</u>	Percentage Increase Over FY 1997-98 <u>Revised Budget</u>
General Fund	\$305,974,131	1.05%
Food Service Fund	9,400,000	0.92%
Debt Service Fund	42,598,099	10.01%
Local/ State/Federal Projects Fund	<u>20,500,000</u>	2.50%
Total - All Funds	<u>\$378,472,230</u>	2.06%

It is requested that the Anchorage Assembly approve local taxes in the amount of \$110,584,217 for FY 1998-99. Taxes requested include a 6 month anticipated interest payment of \$1.617 million on the \$61.6 million proposed bond propositions for April 1998. No expenditures or taxes have been included for the \$10 million bond proposition added by the Assembly on February 24, 1998. If all or any of the \$61.6 million proposed bond propositions are not approved by the voters in April, the total amount of the Annual Operating Budget and tax appropriation will be reduced accordingly. The taxes would be allocated to the District's funds as follows:

General Fund	\$ 92,162,281
Debt Service Fund	<u>18,421,936</u>
Total Taxes	<u>\$110,584,217</u>

1 **PERTINENT FACTS:**

2  
3 **BUDGET DEVELOPMENT PHILOSOPHY**

4  
5 When developing the budget, the Anchorage School District has an obligation to  
6 its many stakeholders to consider each group's priorities and balance them with  
7 the stated mission of "Educating Students for Success in Life." The FY 1998-99  
8 proposed budget reflects the District's ongoing efforts to achieve this balance,  
9 maximize performance, and contain costs.

10  
11 The Anchorage School Board has adopted goals that address the District's  
12 responsibility in the areas of academic excellence, supportive learning  
13 environment, and public accountability. Students are the focus of the goals:

- 14  
15 • Students will read independently by the end of the third grade.  
16 • Students will show increased achievement at each successive grade level in  
17 math, reading, writing and spelling.  
18 • Students' standardized test scores in spelling will increase by three  
19 percentile points at each grade level while maintaining or improving in all  
20 other areas.

21 The District will focus on increasing parental and community awareness of  
22 the critical role families play in students' academic success.

23 The District will create positive community relations and understanding of  
24 issues critical to the Anchorage School District.

- 25 • The District will continue to strengthen and expand our School/Business  
26 Partnerships.

27  
28 The expenditures in the FY 1998-99 proposed budget continues to provide the  
29 foundation to accomplish these goals.

30  
31 **Stakeholders' Needs and Goal Attainment Drive Budget**

32  
33 Achieving such a balance requires the District to take into account the needs of  
34 students, parents, employees, community members as well as other factors such  
35 as State and federal requirements and inflation.

36  
37 We have grouped below the issues by stakeholder groups which played a  
38 significant role in determining the FY 1998-99 proposed budget.

39  
40 **Students, Parents, and Employees**

- 41 • Improving student achievement as specified in School Board goals  
42 • Implementing new requirements under the 1997 re-authorization of  
43 Individuals with Disabilities Education Act (IDEA)  
44 • Responding to a federal audit finding and an Alaska Department of  
45 Education finding on special education issues  
46 • Providing additional resources in special education and bilingual education  
47 based on increased number of students qualifying for such services

- Expanding the number of charter schools for a total of five charter schools
- Providing funds for up-to-date textbooks
- Adding teachers for increased enrollment
- Providing teachers and teacher assistants to support special education students in the regular classroom at the elementary, middle and high school level
- Eliminating student supply fee
- Providing increased school supplies and equipment allocation to lessen the impact of previous cuts and the elimination of subsidy from the student supply fee
- Providing additional high school student activity addenda
- Providing replacement buses

#### Students and Community Members

- Paying off debt service for capital construction/improvements as approved by voters
- Providing custodial services to cover increased use of facilities after school hours and during summer months
- Improving District responsiveness to community requests and to employees and prospective employees

#### Other Factors

- Providing for inflation
- Providing for State retirement system rate increase

It has become apparent over the past four years that existing funds and cost savings must be redirected to District programs if progress is to be made on reaching School Board goals.

Budget reductions made prior to FY 1997-98 have negatively affected instructional and support programs and required fees from students and parents in order to continue some services. In FY 1997-98 the District directed resources to address School Board goals, instructional improvement, support services and facilities, and to reduce student fees. The FY 1998-99 proposed budget will continue to address these issues, implement new special education requirements and provide additional regular education teachers to support Level II special education students as well as eliminate the student supply fee. The District is able to make these adjustments by containing employee costs and by maximizing the increased revenues received from State and local sources. In addition, cost savings in teacher and principal salaries are reflected in the FY 1998-99 budget resulting from Service Recognition Programs offered in the previous year.

## BUDGET DEVELOPMENT

This Financial Plan is prepared using the most recent information available. The budget development process has taken place with the understanding that the District needs to allocate and redirect financial and human resources within projected revenues.

### School Board Directions/Assumptions and Changes Since October 27, 1997

During the initial stage of the annual budget process, the Administration held a work session with the School Board on September 15, 1997, and presented general guidelines and estimates. On October 27, 1997, updated estimates were presented to the School Board in ASD Memorandum #42 (97-98). At that time, the School Board established a total expenditure ceiling of \$375.519 million for the combined General, Food Service, Debt Service, and Local/State/Federal Projects Funds. The Administration then revised the initial budget and has prepared a Proposed Financial Plan for FY 1998-99 in the amount of \$378.472 million based on School Board action on January 28, 1998.

The reasons for this increase are directly related to meeting the federal mandates on special education, the addition of two charter schools, the elimination of the student supply fee and the expenditure of close to one-half million dollars to offset the supply fee reduction, and the need to add a minimal number of positions and equipment for effective management.

Assumptions in preparing the FY 1998-99 Proposed Financial Plan are based on the following criteria:

- Balanced budget for presentation to the Anchorage Assembly —Expenditures equal Revenues
- Foundation revenue based on current formula and unit value of \$61,000
- Local Property Taxes—Full amount available under the property tax limitation
- Use of Fund Balance as a revenue source only for non-reoccurring expenditures. The projected fund balance in the General Fund at the end of June 30, 1998 is \$9.599 million or 3.1 percent of the proposed budget of \$305.974 million.
- No increase to current User Fees
- Maintain family cap on Senior High Activity Fees at \$225
- Adoption or expansion of programs must be funded within existing resources
- No funds included for the three employee bargaining groups that do not have contract settlements for FY 1998-99—TOTEM (educational support), Custodians (Local 71), and Teamsters-Bus Drivers and Attendants
- Continuation of \$1.000 million for School Board directed goals
- Continuation of \$500,000 for Underachieving Schools' funding
- Purchase of 10 school buses

1 The School Board held three public hearings on the FY 1998-99 Preliminary  
2 Financial Plan on January 13, 15, and 20, 1998 to hear presentations on the  
3 various components of the budget and to take public testimony. First and  
4 Second Readings of the District's FY 1998-99 Financial Plan were also held on  
5 January 22 and 28, 1998.

## 6 7 **BUDGET REVISIONS COMPARED TO PRIOR YEAR**

### 8 9 **General Fund**

10  
11 This fund is used to budget and account for the general operations of the District.  
12 The amount of total increase for FY 1998-99 over FY 1997-98 is approximately  
13 \$3.187 million.

14  
15 Major changes to the revenue projections for FY 1998-99 as compared to  
16 FY 1997-98 are listed on Attachment A and are briefly described below:

- 17  
18 • State Foundation—The State Foundation program is the District's largest  
19 General Fund revenue source. Based on actual enrollment as of  
20 September 30, 1997 and projected demographic information, the District  
21 estimates that revenue from the State Foundation program will be  
22 approximately \$4.302 million more than the current year's budget. The  
23 increase is due to a projected increase in overall student enrollment, a  
24 redistribution of students—more secondary and less elementary students, an  
25 increase in the identification of special education and bilingual/bicultural  
26 students, and the impact of part-time student funding for students  
27 participating in the Adult Basic Education program.
- 28  
29 • Tax Appropriation—The local property tax contribution is the District's  
30 second largest General Fund revenue source. The projected amount of tax  
31 revenues is based on requesting the full amount of taxes available under the  
32 property tax limitation which is approximately \$4.479 million more than in  
33 FY 1997-98. The property tax limitation increase is based on a inflation rate of  
34 1.5 percent, an estimated five-year Anchorage municipal population change  
35 of 1.2 percent, and a new construction estimate of \$274.29 million.
- 36  
37 • Pupil Transportation Reimbursement—Transportation reimbursement is  
38 calculated for FY 1998-99, consistent with historical trends. The proposed  
39 FY 1998-99 revenue projections are based on full current entitlement level of  
40 State funding adjusted for inflation, or approximately \$11.390 million. This  
41 includes an increase of \$1.090 million for eleven additional routes, increases  
42 in the rates for contracted routes resulting from a contract renewal, and  
43 previously negotiated increases for continuing routes.
- 44  
45 • Medicaid—Based on information received from the Alaska Department of  
46 Education regarding Medicaid funding for the current year, we are estimating  
47 \$700,000 will also be received in FY 1998-99.

- 1 • State Tuition—Based on actual revenues received in FY 1996-97 for out-of-  
2 district tuition, Statue Tuition for wards of the court is anticipated to increase  
3 \$200,000 in FY 1998-99 compared to the FY 1997-98 budget.  
4
- 5 • Fund Balance—In October 1997 the School Board, with subsequent approval  
6 by the Anchorage Assembly, approved a revision to the FY 1997-98 budget  
7 utilizing \$4.679 million of fund balance to fund Service Recognition Programs  
8 (SRP) for teachers and principals, recruitment, recovery costs for water  
9 damage at Kincaid Elementary School, additional staff for Whaley Center,  
10 and increases in workers' compensation and liability costs. The SRP  
11 programs are not being offered in FY 1998-99 and the other costs are either  
12 one-time expenditures or will be funded in the FY 1998-99 budget without the  
13 use of fund balance. The use of fund balance for FY 1998-99 will be reduced  
14 to \$175,000 to fund one-time equipment purchases required for safety and  
15 program efficiencies.  
16
- 17 • Federal Impact Aid—The FY 1998-99 budget reflects a reduction of \$2.750  
18 million of revenue from the Federal Impact Aid program. Funds are received  
19 for federally-connected students. A majority of the funds is based on the  
20 number of students that live on Elmendorf Air Force Base and Fort  
21 Richardson Army Post and is contingent on the annual funding appropriated  
22 by Congress. The amount budgeted in FY 1998-99 is based on the amount  
23 received in FY 1996-97. During the last three years the amount of revenue  
24 received from this program has been declining.  
25
- 26 • Interest Earnings—Based on interest income earned in FY 1996-97 and current  
27 interest rates, the estimated revenues from interest earnings on investments  
28 for FY 1998-99 has been reduced \$200,000.  
29
- 30 • Other Local Revenue—FY 1998-99 revenues from various student and user  
31 fees are estimated based on actual revenues received in FY 1996-97 and reflect  
32 a reduction of approximately \$131,000 compared to the FY 1997-98 budget.  
33 The net reduction includes \$15,750 of additional middle level activity fees  
34 generated by the reinstatement of inter-scholastic swimming and diving at  
35 the middle level. The main reductions include less anticipated revenue from  
36 the summer school program, middle level activity fees, and rental of school  
37 facilities.  
38

39 In the continued effort to increase academic excellence, in FY 1998-99 the District  
40 is redirecting resources and allocating new resources towards student  
41 achievement and maintaining a supportive learning environment while ensuring  
42 public accountability. The major changes in budgeted expenditures between  
43 FY 1997-98 and FY 1998-99 are listed on Attachment B and a brief explanation of  
44 each item is provided below.

45  
46 The FY 1998-99 budget includes cost savings of approximately \$3.773 million  
47 resulting from a \$1,100 reduction in average teacher salary and principal salaries



generated by the FY 1997-98 Service Recognition Programs (SRP). The SRP will not be offered in FY 1998-99 for an additional reduction of \$3.494 million. These cost savings and reductions are being allocated to the following:

- Increased Enrollment—The projected increase of 763 in overall student enrollment and identification of special education and bilingual students are resulting in approximately \$2.970 million increase for teacher and teacher assistant positions.
- Individuals with Disabilities Education Act (IDEA)—The 1997 amendments to IDEA require that the members of the Individual Educational Plan (IEP) team (special education and regular education teachers, administrative designee, and parents) develop an evaluation plan for a student whenever an evaluation is needed; i.e., initial referral, three-year re-evaluation, and disciplinary actions. They must also meet to determine eligibility for special education services. The impact is the need for substitute teachers to release the regular education teacher and additional teaching staff for special education and related service staff. In addition, IDEA requires that the District provide special education students an alternative educational setting for 45 days when the student is brought forward for discipline due to drugs, weapons or dangerous behavior. General curriculum, special education supports and services, and services and modifications designed to address the child's behavior must be provided in the alternative educational setting. The FY 1998-99 budget includes approximately \$919,000 in order to provide these mandated services.
- Special Education Counseling Services—Based on a federal audit finding, the District is required to provide counseling services for special education students with behavior issues when needed to meet the goals and objectives of the IEP. Two additional psychologists, in the approximate amount of \$118,000, are added to the FY 1998-99 budget to meet this requirement.
- Gifted Students IEP Meeting—Due to a finding from a formal complaint with the Alaska Department of Education regarding District procedures for IEP meetings for gifted students, additional funds for substitute teachers in the amount of \$58,000 have been added in order for the District to meet the requirement that the teacher and District administrative designee must both be members of the IEP team.
- IA Gifted Elementary Program Support—Two additional teacher assistants have been added to the budget in the amount of \$51,000 to provide instructional support for students that are referred to the IA Gifted program throughout the year. In the past, the number of students generally increases at least 20 students by the end of the year.
- Secondary Classroom Teachers to Support Level II Special Education—Even though the budgeted teaching staff has remained at the same PTR (pupil to

classroom teacher staff ratio) since FY 1994-95, the number of students in many of the classrooms has exceeded the ratio. The number of students in each classroom varies since the number of students at each grade level varies within each school. In addition, as the District has implemented the inclusion model for special education students, these special education students are now being served full time or nearly full time in regular classrooms often resulting in larger class sizes. In FY 1997-98 the District provided additional teachers and teacher assistants to support special education students in the regular elementary classrooms. The FY 1998-99 budget includes approximately \$1.411 million for additional teachers in the secondary level to be distributed on an as needed basis for the purpose of reducing large classes which have resulted from serving Level II special education students. This is equivalent to the amount given to support Elementary Level II Special Education.

- Student Supply/Equipment Allocation Add Back—In FY 1996-97 due to anticipated fiscal gaps, the District reduced the student supply/equipment allocation by 25 percent and implemented a \$20 per student supply fee. In FY 1997-98 the student supply fee was reduced from \$20 to \$10 per year and \$10 per student supply/equipment allocation was reinstated. For FY 1998-99 the student supply fee will be eliminated and an additional \$10 per student supply/equipment allocation will be reinstated in the General Fund in the amount of approximately \$500,000.
- Charter Schools—For FY 1998-99 two new charter schools will begin for a total of five charter schools within the Anchorage School District. With the exception of Family Partnership Charter School, the three continuing charter schools are budgeted at approximately the same enrollment as the current year. The budget for Family Partnership Charter School is based on 451 students in FY 1998-99, an increase of 224 students over the current year. The two new charter schools, Village and SPYDER Charter Schools, have a combined total budget of \$1.336 million. The impact of the opening of the two new charter schools on the enrollment of the other schools in the District will not be known until next fall. The FY 1998-99 budget includes a negative amount of \$705,600 for teacher salaries and fringe benefits to offset part of the amount budgeted in the two new charter schools. Next fall budget adjustments will be made to the appropriate schools if sufficient students have transferred to the charter schools to warrant a change in staffing level. The net increase for the two new charter schools is approximately \$630,000.
- High School Student Activities Addenda— The FY 1998-99 budget includes an additional \$53,000 for student activities in order to allocate the number of coaching addenda according to the number of students enrolled in each high school.
- Accreditation—Every ten years schools must be reviewed by Northwest Schools and Colleges to maintain their accreditation. In FY 1998-99 five

1 middle schools, one high school and McLaughlin Youth Center are scheduled  
2 for review for an estimated increased cost of \$67,000.

- 3  
4 • Teacher/Principal/Certificated Central Office Administrator Evaluations—  
5 Recent legislation requires students and parents to have the opportunity to  
6 assess and comment as part of the evaluation process of teachers, principals,  
7 and certificated central office administrators. The estimated cost of \$63,000 is  
8 for printing, programming, mailing, data collection, scanning and reporting  
9 evaluations to be completed by over 48,500 parents and 35,000, grades 3 to 12,  
10 students.  
11
- 12 • Adult Basic Education—The Anchorage School District budget includes funds  
13 for providing instructional services for students between the ages of 16 and 19  
14 who are not attending one of the District's schools but are working on  
15 obtaining a General Education Degree (GED). The District contracts with the  
16 University of Alaska Adult Learning Center to provide these services. The  
17 Adult Learning Center has contacted the District requesting an increase to  
18 their contract. Discussions are currently on-going with the University  
19 regarding this program and other mutual interests. Foundation funding is  
20 provided from the State for students participating in the Adult Basic  
21 Education program. The statutes and regulations that were adopted last year  
22 on part-time students may have significant impact on the amount of  
23 Foundation funding for students participating in this program. The District is  
24 currently working with the Alaska Department of Education to clarify this  
25 matter. The potential amount of increase could be as much as \$100,000.

26  
27 Other additional major increases or decreases compared to the current year's  
28 budget are as follows:

- 29  
30 • Compensation Adjustment for Settled Employee Contracts—The budget  
31 includes approximately \$404,000 for the four employee bargaining groups—  
32 Anchorage Council of Education (ACE), Anchorage Education Association  
33 (AEA), Anchorage Principals' Association (APA) and Teamster-  
34 Maintenance/Warehouse—that have contract settlements for FY 1998-99.  
35
- 36 • PERS Rate Increase—The District has received notification from the State that  
37 the retirement rate for classified employees will increase from 8.43 percent to  
38 8.77 percent for an estimated cost increase of \$156,000 in FY 1998-99.  
39
- 40 • Inflation and Utilities—An approximate \$839,000 increase is included in the  
41 FY 1998-99 budget for inflation and projected utility changes. This amount  
42 includes anticipated increases for the renewal of copiers throughout the  
43 District.  
44
- 45 • School Buses—Due to the safety and reliability of the current bus fleet, the  
46 FY 1998-99 budget includes \$830,000 for the purchase of 10 buses.  
47

- 1 • Contracted Transportation—Three service areas of the District's pupil  
2 transportation contracts expire June 30, 1998. The FY 1998-99 budget has been  
3 increased \$1.402 million for increases for contracted transportation resulting  
4 from contract renewal, previously negotiated increases for continuing  
5 contracts, and an additional eleven routes – two regular routes, five special  
6 education routes, two routes to transport students to the old Northern Lights  
7 School during the renovation of Taku Elementary School, and two routes for  
8 transporting Orion students to alternative sites during the renovation of  
9 Orion Elementary School.
- 10  
11 • Cesspool Pumping— The FY 1998-99 budget includes an increase of \$118,000  
12 for the increased cost of cesspool pumping. The decision to pump the  
13 cesspool at Mirror Lake Middle School occurred after the development of the  
14 current year's budget. In addition, the cost for hauling was substantially  
15 higher than originally estimated.
- 16  
17 • New Positions—The District is in the process of reorganizing the human  
18 resources area in order to improve service to existing and prospective  
19 employees. A Director of Personnel Operations and additional clerical  
20 support for the substitute dispatch service have been added. Additionally, a  
21 Security Specialist has been added to provide additional security for the  
22 District's 91 facilities. The increase to the FY 1998-99 budget is approximately  
23 \$178,000 for the three positions.
- 24  
25 • Custodian Extra Help/Overtime—The increased demand for the use of  
26 District facilities after school, weekends and summer is generating the need to  
27 have approximately \$36,000 additional funding for custodial coverage during  
28 these hours.
- 29  
30 • Replacement Equipment—Approximately \$201,000 has been allocated for  
31 replacement equipment or equipment upgrades. This includes, but not  
32 limited to, replacement of two forklifts which have been determined unsafe, a  
33 folding machine for the Publications Department which provides services  
34 districtwide, a super cargo van for the Maintenance Department, and other  
35 one-time computer purchases.
- 36  
37 • High School Class Reduction—Additional \$300,000 has been allocated for five  
38 teachers to reduce large classes at the high school level.
- 39  
40 • Security Attendants for Middle and High Schools—Three security attendants  
41 in the amount of \$98,700 has been allocated at the middle and high school  
42 levels to be distributed based on overcrowding.
- 43  
44 • Gifted Cluster Option Program—\$88,200 for 1.5 teachers and \$15,000 for  
45 supplies has been allocated for continuance of the Gifted Cluster Option at  
46 Romig/West for grades 7 and 8.
- 47

- 1 • Middle Level Competitive Swimming and Diving—\$136,590 was allocated for  
2 reinstating the swimming and diving program at the middle schools. It is  
3 estimated that approximately \$15,750 of revenues will be generated through  
4 activity fees.
- 5
- 6 • Academic Competition—\$18,000 was allocated for academic competition at  
7 the high school level.
- 8
- 9 • Police Coverage at Hockey Games - Approximately \$23,800 was allocated for  
10 police coverage at hockey games for increased security.
- 11
- 12 • Full-Day Kindergarten—\$106,900 has been allocated to expand the Full-Day  
13 Kindergarten program at one school yet to be determined for FY 1998-99.
- 14
- 15 Recruitment—\$22,500 was allocated for recruitment expenses associated with  
16 the replacement efforts to fill the large number of vacancies created by the  
17 Service Recognition Program offered during FY 1997-98 as well as future  
18 turnover.
- 19
- 20 • Indirect Costs—Due to the increase in the amount and the type of grants  
21 anticipated to be received in FY 1998-99, the amount of reimbursement to the  
22 General Fund for indirect costs charged to grants in the Local/State/Federal  
23 Projects Fund is estimated to increase \$190,000.
- 24
- 25 • Equipment Reductions—In FY 1997-98 a custodial pilot in the Eagle  
26 River/Chugiak area was initiated as a result of a management audit of our  
27 Maintenance and Operations Departments. The FY 1997-98 budget included  
28 a one-time expenditure of approximately \$150,000 for needed equipment and  
29 training to implement the pilot. This amount is not included in the  
30 FY 1998-99 budget. If this pilot is successful, we will be asking in future years  
31 to fund this program districtwide. In addition, \$106,000 of funds for one-time  
32 equipment purchases to support increased graduation requirements has been  
33 eliminated.
- 34
- 35 • Supply/Equipment Allocation Reduction for Two New Middle Schools—For  
36 the first year of the two new middle schools, FY 1997-98, additional start-up  
37 funds were allocated. The FY 1998-99 budget has been reduced  
38 approximately \$200,000; the two schools will not receive these additional  
39 funds next year.
- 40 Employee Turnover—It is estimated that approximately \$300,000 of salary  
41 and fringe benefits reductions are included in the FY 1998-99 budget due to  
42 employee turnover which occurred in FY 1997-98.
- 43
- 44 • Sick Leave Bank—The FY 1998-99 budget has been reduced \$55,000 to reflect  
45 actual usage in the prior year and change in Sick Leave Bank rules.
- 46

1     Textbook Adoptions—Funding for textbook adoptions was reduced \$300,000.  
2     This will eliminate the last two years of five-year forward funding plan for  
3     the health textbook adoption, The Great Body Shop, at the elementary level.

- 4  
5     • Alaska Association of School Boards Membership—\$23,800 was reduced by  
6     the School Board to eliminate their membership in the Alaska Association of  
7     School Boards.
- 8  
9     • Hearing Officers—The budget for hearing officers was reduced \$18,000 to  
10    reflect the reduced amount of expenditures occurring this year through first  
11    semester compared to the last two years.

#### 12 13 14   **Food Service Fund**

15  
16    This fund is used to budget and account for the operations of the Student  
17    Nutrition Program. The amount of total increase for FY 1998-99 over FY 1997-98  
18    is \$86,000. Expenditures related to a one-time arbitration ruling of \$134,000 in  
19    FY 1997-98 is not budgeted in FY 1998-99. The FY 1998-99 budget includes the  
20    funds for the final phase of implementing the point of sale system in all schools,  
21    replacement of old equipment including the replacement of one delivery truck  
22    for safety reasons, and two vans for extra runs and emergency food deliveries.

23  
24    The FY 1998-99 budget includes an increase in the prices of meals and milk. The  
25    current prices have been in effect since FY 1993-94. Breakfasts are scheduled to  
26    increase \$.10, from \$.65 to \$.75 for students and from \$.85 to \$.95 for adults.  
27    Lunch price will increase \$.15, from \$1.95 to \$2.10 for elementary students, from  
28    \$2.35 to \$2.50 for middle level students, and from \$2.55 to \$2.70 for adults. Milk  
29    will increase \$.05, from \$.35 to \$.40 for a one-half pint of milk. Inflation has  
30    increased approximately 2.5 percent per year during the 5-year period that the  
31    price of meals has remained constant.

32  
33    In the FY 1997-98 budget it is estimated that \$256,220 of fund balance will be  
34    used to support expenditures. The amount of Food Service Fund fund balance is  
35    not sufficient to continue to be utilized as a funding source in future years'  
36    budgets. To maintain sufficient fund balance to cover unanticipated emergencies  
37    and/or revenue shortfalls and not require local tax support, it is necessary to  
38    increase the price of meals in FY 1998-99.

## **Debt Service Fund**

This fund is used to budget and account for the principal and interest payments on existing school bonds as well as the revenue necessary to fund these expenditures. State reimbursement entitlement ranges from 53 to 90 percent of related debt service, depending on the year in which the debt was approved. There are also bonds that are fully funded by local support as no State debt reimbursement was available at the time the voters approved the bond propositions.

The School Board requested the Anchorage Assembly to place two ballot propositions for capital improvements totaling \$61.600 million on the April 21, 1998 Municipal Election ballot. The FY 1998-99 Debt Service Fund budget includes \$1.617 million for an estimated six-month interest payment on the sale of \$61.600 million of bonds based on voter approval of the proposed bond propositions. In addition to the two ballot propositions approved by the School Board, the Anchorage Assembly added a third ballot proposition in the amount of \$10 million on February 24, 1998 to be placed on the ballot for the April, 1998 Municipal Election. No expenditures or taxes have been included for the \$10 million.

The total amount of increase in the Debt Service Fund for FY 1998-99 over FY 1997-98 is approximately \$3.875 million. The increase is mainly due to a full year's interest and principal payment on previously approved bonds sold in December 1997 compared to only a six-month interest payment in FY 1997-98 and the estimated six-month interest payment of \$1.617 million on two of three proposed April 1998 bond propositions.

The local tax support in the Debt Service Fund will increase \$5.177 million including the sale of the proposed \$61.600 million bond propositions. The increase for local tax support is greater than the total fund increase because some of the bonds being retired have partial State debt reimbursement whereas the new bonds recently sold or anticipated to be sold are fully funded by local taxes.

## **Local/State/Federal Projects Fund**

The expenditures in the Local/State/Federal Projects Fund are offset by matching revenues. The District has been successful in increasing grant funding from various federal and other sources. Revenues available through grants for these projects include competitively awarded grant funds—most of which are subject to federal and State annual appropriation. It is projected that the budgets for FY 1998-99 grants will increase approximately 2.5 percent over the budgeted amount for FY 1997-98 grants.

The student supply fees initiated for FY 1996-97 which has previously been recorded under the local portion of the Local/State/Federal Projects Fund will be eliminated in FY 1998-99 for a reduction of approximately \$500,000.

# **FISCAL YEAR BUDGET COMPARISON**

The following schedule compares by fund the FY 1998-99 Proposed Financial Plan with the FY 1997-98 Revised Financial Plan which was amended by the Anchorage Assembly on November 11, 1997.

<b>Fund</b>	<b>FY 1997-98</b>	<b>FY 1998-99</b>	<b>Increase</b>	
	<b>Revised</b>	<b>Proposed</b>	<b>Over Prior Year</b>	
	<b>Budget</b>	<b>Budget</b>	<b>Amount</b>	<b>Percent</b>
General	\$302,786,900	\$305,974,131	\$3,187,231	1.05%
Food Service	9,314,000	9,400,000	86,000	0.92%
Debt Service	38,723,569	42,598,099	3,874,530	10.01%
Local/State/				
Federal Projects	<u>20,000,000</u>	<u>20,500,000</u>	<u>500,000</u>	2.50%
All Funds	<u>\$370,824,469</u>	<u>\$378,472,230</u>	<u>\$7,647,761</u>	2.06%
<b>Taxes</b>				
General Fund	\$ 87,682,805	\$ 92,162,281	\$4,479,476	5.11%
Debt Service Fund	<u>13,244,587</u>	<u>18,421,936</u>	<u>5,177,349</u>	39.09%
Total	<u>\$100,927,392</u>	<u>\$110,584,217</u>	<u>\$9,656,825</u>	9.57%

## **Student Enrollment Projections**

	<b>FY 1997-98</b>	<b>FY 1998-99</b>	<b>Increase</b>
	<b>Actuals</b>	<b>Projected</b>	<b>Over Prior</b>
	<b>Sept. 30, 1997</b>	<b>Sept. 30, 1998</b>	<b>Year's Actuals</b>
Enrollment	48,793	49,556	763
Full Time Equivalent (FTE)	47,613	48,219	606

## **SUMMARY**

The Anchorage School District request your full support for this budget as presented. The FY 1998-99 Proposed Financial Plan has been prepared consistent with the School Board's continuing commitment to providing the best possible educational program for every child within the available resources. The students of Anchorage are a very important part of our community; they deserve our support and confidence. Without the full complement of our parents, community, staff, School Board, Assembly and the Administration pulling together, the public schools stand to lose a great deal—our students' future.

BC/JS/MSL  
Attachments



ANCHORAGE SCHOOL DISTRICT  
GENERAL FUND  
SUMMARY OF MAJOR REVENUE BUDGET INCREASES AND REDUCTIONS  
FY 1998-99 COMPARED TO FY 1997-98

FY 1997-98 Revised Budget as of November 11, 1997	\$ 302,786,900
<u>Major Revenue Increases:</u>	
State Foundation	4,302,000
Tax Appropriation	4,479,000
Pupil Transportation Reimbursement	,090,000
Medicaid	700,000
State Tuition	200,000
Rounding	,231
Total Major Revenue Increases	<u>10,772,231</u>
<u>Major Revenue Reductions:</u>	
Fund Balance	(4,504,000)
Federal Impact Aid	(2,750,000)
Interest Earnings	(200,000)
Other Local Revenue	(131,000)
Total Major Revenue Reductions	<u>(7,585,000)</u>
FY 1998-99 Proposed Financial Plan	<u>\$ 305,974,131</u>

ANCHORAGE SCHOOL DISTRICT  
GENERAL FUND  
SUMMARY OF MAJOR EXPENDITURE BUDGET INCREASES AND REDUCTIONS  
FY 1998-99 COMPARED TO FY 1997-98

FY 1997-98 Revised Budget as of November 11, 1997 \$ 302,786,900

**Major Expenditure Increases:**

Increased Enrollment	2,970,000
Individuals with Disabilities Education Act (IDEA)	919,000
Special Education Counseling Services	118,000
Gifted Students' IEP Meetings	
IA Gifted Elementary Program Support	
Secondary Classroom Teachers to Support Level II Special Education	1,411,000
Student Supply/Equipment Allocation Add Back	500,000
Charter Schools	630,000
High School Student Activities Addenda	53,000
Accreditation	67,000
Teacher/Principal Evaluations	63,000
Adult Basic Education	100,000
Compensation Adjustment for Settled Employee Contracts	404,000
PERS Rate Increase	156,000
Inflation and Utilities	839,000
School Buses	830,000
Contracted Transportation	1,402,220
Cesspool Pumping	118,000
New Positions	178,000
Custodian Extra Help/Overtime	36,000
Replacement Equipment	201,000
High School Large Class Size	300,000
Additional Security Attendants at Middle and High Schools	98,700
Gifted Cluster Option Program for Grades 7 and 8	103,200
Competitive Swimming and Diving at Middle Schools	136,590
Academic Competition at High School Level	18,000
Police Coverage at Hockey Games	23,800
Expansion of Full-Day Kindergarten in One School	106,900
Recruitment	22,500

Total Major Expenditure Increases 11,913,910

**Major Expenditure Reductions:**

Elimination of Service Recognition Programs for Teachers and Principals	(3,494,000)
Reduction in Average Teacher Salary and Principal Salaries	(3,773,000)
Indirect Costs	(190,000)
Equipment Reductions	(256,000)
Supply/Equipment Allocation Reduction for Two New Middle Schools	(200,000)
Employee Turnover	(300,000)
Sick Leave Bank	(55,000)
Reduction in Textbook Adoptions	(300,000)
Deletion in Membership in Alaska Association of School Boards	(23,800)
Reduction of Funding for Hearing Officers	(18,000)
Other various small reductions	(116,879)

Total Major Expenditure Reductions (8,726,679)

FY 1998-99 Proposed Financial Plan \$ 305,974,131