

See AO 2007-35(S)

Submitted by: Chairman of the Assembly
at the request of the
School Board
Prepared by: Anchorage School District
For Reading: March 13, 2007

ANCHORAGE, ALASKA
AO NO. 2007-35

AN ORDINANCE DETERMINING AND APPROVING THE TOTAL AMOUNT
OF THE ANNUAL OPERATING BUDGET OF THE ANCHORAGE SCHOOL
DISTRICT FOR ITS FISCAL YEAR 2007-2008 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 2007-2008 Proposed Anchorage School District
Financial Plan in the amount of \$697,656,948 has been approved by the Anchorage
Assembly and that, of said amount, the amount of \$206,757,251 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
2007-2008 fiscal year.

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

PASSED AND APPROVED by the Anchorage Assembly, this _____ day of
_____ 2007.

Chair of the Assembly

ATTEST

Municipal Clerk

MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

AM 144-2007

Meeting Date: March 13, 2007

1 FROM: ANCHORAGE SCHOOL DISTRICT

2
3 SUBJECT: AO 2007-35 ANCHORAGE SCHOOL DISTRICT
4 FY 2007-2008 FINANCIAL PLAN
5

6 **PROPOSED FINANCIAL PLAN**
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8 The Anchorage School Board has approved the Proposed Financial Plan for
9 FY 2007-2008 in the amount of \$697,656,948. This includes individual fund
10 budgets currently projected as follows:

	Proposed FY 2007-2008 <u>Financial Plan</u>
11 General Fund	\$ 546,393,934
12 Food Service Fund	16,322,000
13 Debt Service Fund	79,206,014
14 Local/State/Federal Grants Fund	<u>55,735,000</u>
15 Total – All Funds	<u>\$ 697,656,948</u>

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21 It is requested that the Anchorage Assembly approve local property taxes in the
22 amount of \$206,757,251 and the upper limit spending authorization of
23 \$697,656,948 for FY 2007-2008.
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25 **THE BUDGETING PHILOSOPHY**
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27 The budget provides a financial blueprint for the Anchorage School District's
28 educational goals. When developing the budget, the Anchorage School District
29 has an obligation to its many stakeholders—the students, parents, employees,
30 and community members—to consider each group's priorities and balance them
31 with the District's stated mission of "educating all students for success in life."
32 The FY 2007-2008 budget projections reflects the District's on-going efforts to
33 achieve this balance, maximize performance and contain costs. The budget
34 development process is mindful of the District's Six-Year Instructional Plan with
35 the responsibility of designating financial and human resources within
36 projected revenues.

1 This year the development process involved community and staff participation
2 through the formation of eighteen Budget Review Teams. Nearly 250
3 volunteers participated in the review of the District's budget. Each team
4 painstakingly identified cuts that impact every area of the District. Every
5 program and department was thoroughly scrutinized and many items were
6 reduced or eliminated. The need to focus on providing core educational
7 services was a primary concern when reviewing and making recommendations
8 in both the instructional and support areas.

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10 Over the last couple of months the Administration presented the FY 2007-2008
11 Preliminary Financial Plan to the School Board and the public at First and
12 Second Readings of the District's FY 2007-2008 Financial Plan. At the end of the
13 Second Reading on February 8, 2007, the School Board approved the Proposed
14 FY 2007-2008 Financial Plan of \$697,656,948, by unanimous vote. Attached
15 Exhibit 1 is a copy of ASD Memorandum #177 (2006-2007) that outlines the
16 budgeting process for all funds taken by the School Board and Administration
17 for FY 2007-2008.

18 19 **GENERAL FUND**

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21 With direction from the School Board, the Administration developed the General
22 Fund budget using the Governor's proposals of continuing the current base
23 student allocation of \$5,380, \$3,945,302 for the School Improvement Grant, and
24 revenues to cover the extraordinary PERS/TRS increase, shown as a new
25 revenue source titled "Supplemental State PERS/TRS Funding." In addition, the
26 School Board approved using \$3.225 million of the undesignated fund balance.

27
28 Each of the District funds impacted by the extraordinary retirement rate
29 increases include an expenditure budget increase to reflect the Alaska Retirement
30 Management Board (ARMB) approved Public Employees' Retirement System
31 (PERS) rate increase from 24.25 percent to 40.89 percent and the Teachers'
32 Retirement System (TRS) rate increase from 26 percent to 54.03 percent. Using
33 the designated amount for the Anchorage School District on the Alaska
34 Department of Administration's schedule, dated September 11, 2006,
35 approximately \$67.034 million has been allocated to the General Fund based on
36 estimated salaries projected for FY 2007-2008.

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38 Exhibit 1 details all of the revenue and expenditure categories and the
39 assumptions taken in preparing the FY 2007-2008 Financial Plan. Exhibit 1 and
40 the attachments primarily focus on the General Fund as this is the fund
41 supporting the educational needs of our students. Even with the use of fund
42 balance the District faced a fiscal gap. Page 13 of Exhibit 1 outlines the major
43 expenditure reductions made to bring the budget in balance.

1 Attachments to Exhibit 1 include:

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- 3 • Revenue and Expenditures schedules at the time of School Board approval
- 4 (Attachment A)
- 5
- 6 • School Board Approved Budget Revisions (Attachment B)
- 7
- 8 • Summary of Major Budgeted Revenue Increases and Decreases
- 9 Summary of Major Budgeted Expenditure Increases and Decreases
- 10 (Attachment C)
- 11

12 The attached FY 2007-2008 Financial Plan does not include any updated
13 information on 2006 new construction and property improvements that may
14 adjust the local tax amount allowed under the tax cap limitation. This amount
15 will not be available until later in March. If the new construction and property
16 improvement adjustment is known before the Assembly takes action on the
17 School District's FY 2007-2008 Financial Plan, the District will submit an "S"
18 version to the corresponding ordinance AO No. 2007-35. **Projected local**
19 **property tax revenue for FY 2007-2008 is based on requesting the full amount**
20 **of taxes available under the local property tax limitation.**
21

22 The largest single revenue source to the District comes from the Alaska Public
23 School Funding Program. The School Board and the Administration appreciate
24 the Governor's recognition of the need for increased K-12 education funding, and
25 particularly the revenue support to offset the increase rates approved to the
26 Public Employees Retirement System (PERS) and Teachers Retirement System
27 (TRS) employer contributions. The School Board and Administration continue to
28 advocate for additional increases in revenues to fund program improvements in
29 public education and the extraordinary increases in energy and fuel costs. This is
30 to ensure that solid education programs continue which are very important in
31 increasing student achievement and performance, and to help reinstate
32 expenditure items that were cut due to the fiscal gap. Hopefully, the Legislature
33 will continue to advocate for early funding and an increase above the \$5,380 base
34 student allocation that is included in the Governor's proposal for all of the
35 students in our communities. If additional funding is approved, we will look at
36 all the positions that were reduced from the budget with class size given high
37 priority as well as any additional requirements that have surfaced since our last
38 discussion on the budget for FY 2007-2008. All adjustments will need to be
39 approved by the School Board and increases to the upper limit spending
40 authority would require approval by the Assembly.
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1 **OTHER FUNDS**

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3 **Food Service Fund**—This fund is used to budget and account for operations of
4 the Student Nutrition Program. The budget for this fund covers both the direct
5 and indirect cost of providing meals to students and is self-supporting. A \$.25
6 per meal increase in elementary, middle and high school breakfast and lunch full
7 price meals is required and will be directed towards the procurement and
8 providing of healthy choice menu items. The major portion of the increase to this
9 fund is due to the mandatory retirement rate increase for the Public Employees'
10 Retirement System from 24.25 percent to 40.89 percent. The supplemental state
11 PERS/TRS revenue amount has been added to equate to an amount that is
12 estimated to cover the required retirement rate increases for this fund, resulting
13 in the budget remaining in balance.
14

15 **Debt Service Fund**—This fund is used to budget and account for principal and
16 interest payments on existing school bonds as well as the revenues necessary to
17 fund these expenditures. Some of the District's bonds receive State debt
18 reimbursement which varies depending on the year in which the bond
19 proposition was approved. Due to savings incurred from the sale of new bonds
20 at lower than anticipated interest rates and refinancing outstanding bonds, the
21 District is able to use accumulated fund balance as a revenue source. The two
22 April 2007 bond propositions for Clark Middle School Replacement and District-
23 wide Building System Renewal approved by the Assembly on February 13, 2007
24 have not been included in the projections. If the bond(s) are approved by the
25 voters in April, the District will bring back a request for an upper limit spending
26 authorization.
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28 **Local/State/Federal Projects Fund**—Expenditures in the Local/State/Federal
29 Projects Fund are offset by matching revenues. Revenues available through
30 grants for these projects include competitively awarded grant funds-most of
31 which are subject to annual federal and State appropriations. Due to successful
32 grant receipts in the past, an additional \$1.0 million is projected for FY 2007-2008.
33 In addition the supplemental state PERS/TRS revenue amount has been added
34 to equate to an amount that is estimated to cover the required retirement rate
35 increases for this fund.
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FISCAL YEAR BUDGET COMPARISON

The following schedule compares by fund the FY 2007-2008 projected revenue/expenditures with those currently approved for FY 2006-2007. At this time, unknowns still remain such as contract negotiations, mandated services that may require funding and legislative action.

REVENUE/EXPENDITURE BUDGETS

<u>Fund</u>	<u>Revised Budget FY 2006-2007</u>	<u>Proposed Budget FY 2007-2008</u>	<u>% Over /(Under) Prior Year</u>
General	\$473,432,647	\$546,393,934	15.41%
Food Service	15,000,000	16,322,000	8.81%
Debt Service	77,310,215	79,206,014	2.45%
Local/State/Federal Projects	<u>49,000,000</u>	<u>55,735,000</u>	13.74%
All Funds	<u>\$614,742,862</u>	<u>\$697,656,948</u>	13.49%

TAXES

	<u>Revised FY 2006-2007</u>	<u>Proposed Budget FY 2007-2008</u>	<u>Increase</u>
General Fund	\$155,257,376	\$169,429,242	\$14,171,866
Debt Service	<u>36,344,912</u>	<u>37,328,009</u>	<u>983,097</u>
All Funds	<u>\$191,602,288</u>	<u>\$206,757,251</u>	<u>\$15,154,963</u>

STUDENT ENROLLMENT PROJECTIONS

	<u>FY 2006-2007 Actuals Sept. 30, 2006</u>	<u>FY 2007-2008 Projected Sept. 30, 2007</u>	<u>Change Over Prior Year's Actual</u>
Enrollment	49,068	48,848	(220)
Full Time Equivalent (FTE)	48,816	48,580	(236)

1 **SUMMARY**

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3 **The Anchorage School District requests your full support for this budget.**
4 Our students deserve an excellent education, which can only be achieved if we
5 have adequate resources to continue our programs and to attract and retain our
6 quality employees. The FY 2007-2008 Proposed Financial Plan is consistent with
7 the School Board's continuing commitment to providing the best possible
8 educational program for all students within available resources. The
9 Anchorage School District paid close attention to the communities concerns and
10 worked hard to direct funds to those programs that directly improve student
11 achievement. We are thankful for community and staff support in developing
12 this budget and we look forward to the continued support of the Anchorage
13 Assembly.

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15 Respectfully submitted,

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18 Carol Comeau
19 Superintendent
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23 Attachments
24 CC/JS/MSL

ANCHORAGE SCHOOL DISTRICT
ANCHORAGE, ALASKA

ASD MEMORANDUM #177 (2006-2007)

February 8, 2007

TO: SCHOOL BOARD

FROM: OFFICE OF THE SUPERINTENDENT

Carol Comeau

SUBJECT: FISCAL YEAR 2007-2008 PROPOSED FINANCIAL PLAN
(REVISED) (SECOND READING)

ASD Goals: Ensure public accountability through continued preparation and publication of budget basics, and budget; and effective communications with students, staff, parents, community and government at all levels.

RECOMMENDATION:

It is the Administration's recommendation that the School Board approve and authorize the Superintendent to prepare the Anchorage School District's FY 2007-2008 Proposed Financial Plan as set forth in the projected revenue and expenditure schedules in the memorandum (Attachments A, B, C). The total budget recommendation is \$697,656,948. This includes individual fund budgets currently projected as follows:

	<u>FY 2007-2008 Financial Plan</u>
General Fund	\$ 546,393,934
Food Service Fund	16,322,000
Debt Service Fund	79,206,014
Local/State/Federal Grants Fund	<u>55,735,000</u>
Total – All Funds	<u>\$ 697,656,948</u>

The total of local tax contribution to be requested is \$206,757,251.

It is further recommended that the School Board authorize the Superintendent to adjust the budget expenditure ceiling and the above tax amount in accordance with any adjustment to the base student allocation (BSA) approved by the Legislature and Governor or to any changes in Charter Schools,

enrollment adjustments, State approval of debt retirement projects, and the upper limit of the local property tax cap.

PERTINENT FACTS:

Projected Revenue Shortfall

Based on recent information received from the Department of Education & Early Development (DEED), the District has reduced the amount of revenues anticipated to be received through the Alaska Public School Funding Program relating to Level III intensive special needs students. The reduction of \$678,650 for FY 2007-2008 is based on reducing the projected number of Level III intensive special needs students for next year by 25 students based on audit review findings by the DEED of prior and current years.

Based on recent audit findings for the October 2005 count period, the DEED has determined that 77 students do not qualify for intensive needs funding which will result in loss revenue of \$1,893,815. In April 2007, DEED is scheduled to audit the intensive needs students claimed in October 2006 count period. Based on discussions with DEED on the recent audit findings, the Administration is estimating that 22 students for the October 2006 count period may not qualify equating to an additional revenue loss of \$591,800. The combined loss from the October 2005 and October 2006 total \$2,485,615 and will be recorded in FY 2006-2007.

In addition, the Municipality of Anchorage's Office of Management and Budget (OMB) notified the District of the official Consumer Price Index (CPI) that should be used in the tax cap calculation. The official CPI of 3.2 percent for 2006 for Anchorage is less than the 3.9 percent used by the District for FY 2007-2008 budgetary planning. The CPI adjustment results in a decrease of \$1,086,802. The OMB staff also notified the District of an increase in the official average five-year Anchorage municipal population. The increase from 1.26 percent to 1.68 percent results in an increase of \$652,081. These two components of the tax cap computation result in a net decrease of \$434,721. **At this time however, the local property tax calculation is still not finalized because the official new construction property improvement amount has not been finalized. The new construction and property improvement amount will not be determined until late March/early April and may increase or decrease the local property tax revenues.**

As noted in ASD Memorandum #177 *Fiscal Year 2007-2008 Proposed Financial Plan (First Reading)* the District was notified by DEED on January 23, 2007 that the School Improvement Grant allocation for FY 2006-2007 will be \$3,945,302 which is \$48,498 less than the \$3,993,800 budgeted. Based on the Governor's FY 08 proposed budget, districts will receive the same amount as each received in the

current year; therefore, the School Improvement Grant has been reduced \$48,498 in FY 2007-2008.

Based on the information above, a net decrease of \$1,161,869 in revenue (\$727,148 in state revenue and \$434,721 in local property tax revenue) has been included in this memorandum. The (\$1,161,869) has been included in the Non-Departmental unallocated line item. Also in keeping the agreement with the Municipality to maintain a fund balance in the General Fund at year end in an amount equal to or greater than 8.25 percent of total General Fund revenues from local tax appropriations to enhance the Municipality's bond rating and that it cannot be determined at this time how much Fund Balance may be used in the current year due to revenue shortfall, it is recommended that no additional Fund Balance be used at this time. It is suggested that the School Board not make any expenditure adjustments until the new construction component of the tax cap calculation and the ongoing education funding discussions by the Legislature and interested parties are finalized.

The total budget recommendation for the four funds—General, Food Service, Debt Service and Local/State/Federal Grants Funds – has been adjusted to reflect the General Fund revisions. The revised total of the FY 2007-2008 Financial Plan is \$697,656,948. As updated information is provided it will be included in the FY 2007-2008 Financial Plan before submittal to the Assembly.

THE BUDGETING PROCESS

The budget provides a blueprint for the Anchorage School District's educational goals. When developing the budget, the Anchorage School District has an obligation to its many stakeholders—the students, parents, employees, and community members—to consider each group's priorities and balance them with the District's stated mission of educating all students for success in life. The FY 2007-2008 budget projections reflect the District's on-going efforts to achieve this balance, maximize performance, and contain costs.

These projections for FY 2007-2008 are prepared using the most current information available. Existing funds and cost savings are directed to District programs to ensure that progress is made in achieving the current School Board Goals. The budget development process is mindful of the District's Six-Year Instructional Plan and various local, state and federal mandates, with the responsibility of designating financial and human resources within projected revenues.

BUDGET DEVELOPMENT

The budget development process for the District is an ongoing process that encompasses over six months of gathering and analyzing information. The budget continues to realign the District's priorities, as budgeting is a progressive

process. The balanced budget concept, Alaska Public School Funding, and the local property tax limitation necessitate early predictions of both revenues and expenditures. Federal, State or local mandates may require the District to incorporate additional responsibilities and/or initiate new programs within the District. Various demographic and economic factors must be evaluated for their impact on the budget. Then, the total of all school and department budgets plus any new facilities or change in program requirements are compared to anticipated revenues.

Departments and schools review their programs and responsibilities; assess what is being done during the current fiscal year and what progress is being made; begin making plans for next year and future years; and then prepare budget requests based on their program requirements and how they support the School Board Goals and Mission of "educating all students for success in life."

Input from eighteen Budget Review Teams, community members, students, and staff members resulted in change or elimination of existing programs or implementation of new ones. The focus still remains on evaluating the need for additional staff, supplies, and other operating expenses. Efficiencies were achieved through better resource management or teaming with other agencies. This is an ongoing process.

On October 30, 2006, a School Board FY 2007-2008 financial planning work session was held. A proforma revenue and expenditure budget was presented based on the information known then. At that time the Administration projected that the District faced a \$20.446 million fiscal gap for FY 2007-2008. Assumptions used for projection purposes were reviewed with the School Board. The Administration gathered suggestions and changes that the School Board members wanted the Administration to further investigate including any of the suggestions submitted by the Budget Review Teams, staff and community members. The School Board directed the Administration to use a portion of the undesignated fund balance as a funding source and still maintain an undesignated fund balance of approximately 3.5 percent of the FY 2007-2008 projected budget after honoring the required amount agreed to with the Municipality of Anchorage for bond rating purposes.

On November 13, 2006, the School Board authorized the Superintendent to prepare the Anchorage School District's FY 2007-2008 Preliminary Financial Plan. With direction of the School Board at the work session on October 30, 2006 to proceed with the use of a portion of the undesignated fund balance, the Administration recommended using \$3.225 million of fund balance to reduce the fiscal gap from \$20.446 million to \$17.221 million. Information regarding the deductible portion of Federal Impact Aid for the FY 2007-2008 Alaska Public School Funding Program was updated resulting in a funding reduction of approximately \$631,000. The revenue projections were adjusted to reflect this updated information resulting in a fiscal gap of \$17.852 million. During the discussion at this meeting, the Administration indicated that due to the

uncertainty of the funding at the State level for the mandatory classified and certificated retirement rate increases, the total amounts for each fund at this time did not include the retirement rate increases approved by the Alaska Retirement Management Board (ARMB). It was indicated that when we brought forward the preliminary budget in January, we would address the issue and were hopeful that we would have additional information regarding any proposed State funding. In addition, flexibility was given to allow for adjustments based on the budget being in alignment with academic achievement, updated demographics, and/or economic information.

Since the November 13 School Board meeting, Governor Palin has taken office and has issued a proposed FY 08 budget including certain funding levels for education. The Department of Education and Early Development has verified that the Governor has included in her proposed FY 08 budget the following items that impact education funding - (a) continuation of the base student allocation at \$5,380, (b) funding to maintain the same amount that was allocated in the current year to each school district for the one-time \$81.25 per ADM School Improvement Grants and for the equivalent of one-quarter of the area cost differential recommended by the University of Alaska Institute for Social and Economic Research (ISER), and (c) funding to cover the Department of Administration's September 11, 2006 estimated increased employer cost for school districts resulting from employer retirement contribution rate increases for fiscal year 2008. It has also been confirmed that the Department of Administration's schedule includes classified and certificated salaries for all funds. The Anchorage School District appreciates the Governor's support of education and will lobby the Legislature for early increased education funding. We realize that there will be much discussion occurring during the legislative session before a final decision is made regarding the State education funding for next year; but, we feel the Governor's proposal is a good base to use for preparing the District's proposed budget for FY 2007-2008. **It is important to keep in mind that the budget process is a work in progress. The proposed budget being presented by the Administration at this time will most likely change, particularly as the Legislature addresses bills related to school funding and information related to the local tax limitation is finalized. As more information becomes known at both the State and local level, we will make adjustments and refinements during the various upcoming stages of the budget development process between February and June 2007.**

Based on the Governor's proposed budget, the Administration has prepared the attached Anchorage School District's FY 2007-2008 Proposed Financial Plan using a base student allocation of \$5,380; has included a revenue source in the General Fund of \$3,945,302 for the School Improvement Grant; and has included in each appropriate fund a new State revenue source titled "Supplemental State PERS/TRS Funding". Each of the District funds impacted by the retirement rate increases include an expenditure budget increase to reflect the ARMB approved Public Employees' Retirement System (PERS) rate increase from 24.25 percent to

40.89 percent and the Teachers' Retirement System (TRS) rate increase from 26 percent to 54.03 percent. In the Food Service Fund, the revenue and expenditure budgets have both been increased by the same amount; therefore, resulting in the budget remaining in balance. In the Local/State/Federal Grants Fund, a supplemental state PERS/TRS revenue amount has been added to equate to an amount that is estimated to cover the required retirement rate increases for that fund. In the General Fund, in addition to the revenue and expenditure budget increases due to the mandatory retirement rate increases, the School Improvement Grant revenue was also added; but, the base student allocation used in the Alaska Public School Funding Program formula remains at \$5,380, the same amount as in the current year.

During the past two months as the Administration proceeded forward in preparing a FY 2007-2008 Preliminary Financial Plan in which expenditures would equal revenues, the District's mission of educating all students for success in life was always at the forefront. It was also recognized that this could not be accomplished without support and maintenance departments. Review and reassessment of assumptions and parameters were made again. Updated and new information was incorporated. Assessment of workload and reorganization within departments to improve efficiencies were made. Budget Review Team, community, staff and student suggestions were considered and implemented where appropriate. After a great deal of review, consideration and discussion, the Superintendent presented to the School Board a balanced FY 2007-2008 Preliminary Financial Plan totaling \$698,538,417. Expenditures were brought into balance with revenues by making reductions. Eliminating the fiscal gap while allowing for some enhancements was not accomplished without directly impacting instructional programs. Some reductions were made as a result of efficiencies through better resource management; some were made in order to provide for some enhancements or requirements aligned with the Six-Year Instructional Plan and School Board Goals.

The Administration presented the FY 2007-2008 Preliminary Financial Plan to the School Board on January 23 and 25, 2007. The Superintendent gave a general overview and then each administrator presented his/her budget identifying any major changes, including program realignments. Subsequently the Administration reinstated Boys Hockey with a corresponding activity fee increased for a revised FY 2007-2008 Financial Plan totaling \$698,818,817.

First Reading of FY 2007-2008 Proposed Financial Plan (1/31/2007)

The School Board considered the FY 2007-2008 Proposed Financial Plan at a special meeting on January 31, 2007 after extensive public testimony. Revisions were made to the General Fund. No revisions were made to the Food Service, Debt Service or the Local/State/Federal Grants Funds. The School Board's revisions during the first reading of the proposed budget are summarized on Attachment B. Listed below is a brief description of the revisions made to the General Fund.

Expenditure Revisions

The General Fund Expenditure budget remained the same in total but line items were adjusted in the School Board (1001) and Non-Departmental (1099) budgets. The School Board adjusted line item accounts as follows:

- Eliminated membership in the Council of Urban Boards of Education (CUBE)- (\$11,000)
- Reduced School Board Conference Travel-(\$2,000)
- Reduced one-half of School Board Legislative Lobbying- (\$11,250)
- Balanced budget by offsetting the Unallocated object code (3980) in Non-Department-\$24,250

At the end of the first reading the total budget recommendation for the four funds — General, Food Service, Debt Service and Local/State/Federal Grants Funds – remained at \$698,818,817.

Second Reading of FY 2007-2008 Proposed Financial Plan (2/8/2007)

The General Fund Expenditure budget remained the same in total but line items were adjusted in the Elementary Education-Unallocated (149901-3980), AVAIL (1885XX) and Non-Departmental (109901-3980) budgets. The School Board adjusted line item accounts as follows:

- Reinstated Battle of the Books-\$15,000
- Reinstated the AVAIL High School Program-\$249,923
- Balanced budget by offsetting the Unallocated object code (3980) in Non-Departmental – (\$264,923)

The Administration will make recommendations for necessary adjustments to the General Fund for School Board approval later in the spring when the new construction component of the tax cap calculation and the ongoing education funding discussions by the Legislature and interested parties are finalized and projected revenues for FY 2007-2008 are known. Other adjustments for the Food Service, Debt Service and the Local/State and Federal Grants Funds will also be brought forward as appropriate.

STUDENT ENROLLMENT PROJECTIONS

Student Enrollment—The most significant factor in the budget development process is the number of students served. Enrollment projections are based on enrollment history, profile, and both demographic and economic considerations. The General Fund budget is developed using the FTE (full-time equivalent) student count, weighting half-day kindergarten at one-half and preschool special education students at one-half or one-quarter, which is consistent with their programs.

In order to project student enrollment, District staff works closely with the Municipality of Anchorage in utilizing the Municipality's Geographic Information System. The following schedule summarizes the actual and projected student enrollment information for FY 2004-2005 through FY 2007-2008 on both a full count and FTE basis.

	Actuals 2004-2005 <u>9/30/04</u>	Actuals 2005-2006 <u>9/30/05</u>	Actuals 2006-2007 <u>9/30/06</u>	Projected 2007-2008 <u>9/30/07</u>
Total Number	49,454	49,589	49,068	48,848
Change over previous year	(209)	135	(521)	(220)
FTE (Full-Time Equivalent)	49,239	49,353	48,816	48,580

Variable General Fund expenditures will be revised periodically for changes in enrollment projections. We will continue to review projected enrollment to determine if we need to make adjustments. Enrollment for the two new charter schools scheduled to begin in FY 2007-2008 have been included within the current projections as the Administration believes the vast majority of their students will come from our existing schools.

GENERAL FUND

The General Fund, consisting of each school's and department's budgets, accounts for the majority of the District's operations and activities. Therefore, this memorandum and most of the subsequent discussion and decisions on balancing the budget for next year will focus primarily on estimated revenues and expenditures of the General Fund.

Revenues

Alaska Public School Funding Program—The largest single revenue source to the District comes from the Alaska Public School Funding Program. Based on the Governor's educational funding plan released on December 15, 2006, the Administration has continued to use the current year's base student allocation (BSA) of \$5,380 in the Alaska Public School Funding Program formula. We appreciate the Governor addressing the extraordinary employer contribution rate increases approved by the ARMB to the TRS and PERS retirement systems by providing a separate funding source outside of the Alaska Public School Funding Program, but we are also hopeful that during the upcoming legislative session the Governor and Legislature will increase the BSA to help mitigate increased utility and fuel costs, insurance, employee costs, and other expenses affected by inflation. It is essential that Alaska school districts receive increased funding to assist with meeting adequate yearly progress as defined by state and federal regulations.

Currently, the funding for the PERS/TRS retirement rate increases is being recorded under a separate State revenue source which results in the percentage of the Alaska Public School Funding Program as a percentage of the District's total General Fund revenues being reduced from 55.4 percent to 48.6 percent. The continuation of the per pupil amount for the base student allocation of \$5,380 and the Quality School Grant at \$16 per pupil are being used. Anchorage is considered the base with regards to the area cost differential factors in the Alaska Public School Funding formula and is not receiving any funding in the current year related to the partial implementation of the proposed ISER area cost factors, so the District will not be impacted by the Governor's proposal to continue the same allocation in FY 2007-2008 as in FY 2006-2007. Based on current enrollment projections, the amount of funding for FY 2007-2008 is \$265.348 million, which is \$10.154 million less than the current FY 2006-2007 budget. Three other factors also impact the projected level of funding: (1) decrease in anticipated enrollment, (49,068 budgeted for FY 2006-2007 and 48,848 projected for FY 2007-2008); (2) decrease in identifying Level III intensive special needs students results in a \$.888 million decrease of revenue; and (3) the \$3.756 billion increase in State assessed property valuation for the Municipality. The increase in the State's assessed valuation results in a larger required local effort deduction causing a reduction in the Alaska Public School Funding Program funding.

The Alaska Public School Funding Program is based on the average daily membership (ADM)—determined by the District's enrollment and special education intensive count—processed through a school size factor and special needs formulae to establish the District's "basic need." The required local contribution and a percentage of the Federal Impact Aid funding that the District receives for Federally-connected students is then subtracted from the "basic need" to determine revenue. Beginning in FY 2001-2002 the Alaska Public School Funding formula defines the required local share as being the lesser of 45 percent of "basic need" or 4 mills times one-half of the annual increase in assessed valuation compared to the 1999 base year of total State assessed full and true valuation of local real estate, inventory and other taxed personal property for the second preceding year, added to the prior year's calculated assessed valuation. This provision provides \$27.919 million more for FY 2007-2008 than would have been received prior to the formula adjustment made through Senate Bill 174. An increase to the assessed valuation reduces the potential amount of Public School Funding revenue. The Alaska Department of Community and Economic Development has notified the District that the assessed valuation for Anchorage has increased from \$25.077 billion to \$28.834 billion.

Supplemental State PERS/TRS Funding—Based on the Governor's proposed FY 08 budget released on December 15, 2006, which includes funding specifically to address PERS/TRS cost increases for school districts resulting from the retirement rate increases approved by the ARMB, we have included a new state revenue line item in the FY 2007-2008 Proposed Financial Plan titled "Supplemental State PERS/TRS Funding". Using the amount designated for the

Anchorage School District on the Alaska Department of Administration's schedule, dated September 11, 2006, approximately \$67.034 million has been allocated to the General Fund based on estimated salaries projected for FY 2007-2008. This is equivalent to approximately 12.3 percent of the District's General Fund revenues.

School Improvement Grant—Based on the Governor's educational funding plan, an appropriation of \$3.945 million has been included as a State revenue source in the General Fund. This amount was previously allocated in FY 2006-2007 as a one-time grant, but the Governor has included in her FY 08 budget a continuation of the same amount for each district as they are receiving in the current year. The District was notified by DEED on January 23, 2007 that the School Improvement Grant allocation will be \$3,945,302 which is \$48,498 less than originally budgeted. The FY 2002-2008 proposed budget has been revised to reflect the reduction.

Local Property Taxes—Local property tax contribution is the District's second largest General Fund revenue source. Projected local property tax revenue for FY 2007-2008 is based on requesting the full amount of taxes available under the local property tax limitation independent of the Municipality's share of the tax cap. The amount requested is \$2.035 million under the maximum allowable local contribution permitted by the Alaska Public School Funding Program.

The local property tax limitation provides for an annual adjustment for inflation, five-year Anchorage population change, operation and maintenance on new voter-approved facilities and new construction.

The official inflation rate for 2006 is 3.2 percent. This rate is being used by both the District and the Municipality of Anchorage in the property tax limitation calculations. As determined by the State Department of Commerce, Community and Economic Development, the five-year Anchorage municipal population change is 1.68 percent. The projected combined rate of 4.88 percent for FY 2007-2008 is .52 percent more than the current rate of 4.36 percent for FY 2006-2007.

Included in the revenue projections are voter-approved taxes associated with the operation and maintenance costs for the major renovations at Service High School and the new Begich Middle School.

The local property tax calculation that generates the local tax contribution has not been finalized because the official new construction property improvement amount has not been finalized. The new construction and property improvement amount will not be determined until late March/early April.

At this time approximately \$14.2 million of increased taxes is available in the General Fund. Final numbers will not be available until late April. However, the

Anchorage Assembly must first consider and approve the District's local property tax request.

Federal Impact Aid—The initial revenue projection for Federal Impact Aid has been projected at 100 percent of projected entitlement, an anticipated \$12.0 million. Uncertain at this time is any student enrollment adjustment as a result of the deployment of military personnel and the relocation of their families. The outcome of these military decisions will have an impact on future funding.

The amount of Federal Impact Aid revenue each year is uncertain because it is subject to pro-ration based on the annual funding appropriated by Congress. In addition, the percentage of the total number of federally-connected students to the total number of students the State has direct responsibility for—including military students and children educated at Mt. Edgecumbe—and potential formula changes, could result in fluctuations in Federal Impact Aid funding to the District. This coupled with the fluctuation from year-to-year in the number of students living on military land, which can partially result from on base/post housing renovations, adds to the uncertainty of Federal Impact Aid revenue during the budget process.

This Program is subject to annual Congressional appropriation and will be monitored. We do not know, for example, if the District will receive prior year adjustment payments during FY 2007-2008.

Fund Balance—The District's undesignated fund balance for the General Fund is a potential one-time source of revenue. Determining the appropriate level of fund balance required for a contingency reserve requires an exercise of judgment. Industry standards recommend undesignated fund balances or contingency reserves remain between 3 to 5 percent of the budget. The undesignated fund balance needs to be maintained to protect against shortfalls in revenue collection, to allow for adequate cash flow management, and to provide the financial ability to meet emergencies.

At the Work Session on October 30, the School Board gave direction that a portion of the undesignated fund balance could be used as a revenue source to reduce the amount of expenditure reductions that would be necessary to bring budgeted expenditures in balance with budgeted revenues for FY 2007-2008. The School Board indicated that the undesignated fund balance needed to be maintained at approximately 3.5 percent of the FY 2007-2008 projected budget, in addition to honoring the agreement with the Municipality of Anchorage to maintain a fund balance in the General Fund at year end in an amount equal to or greater than 8.25 percent of total General Fund revenues from local tax appropriations to for Municipality's bond rating purposes. In ASD Memorandum #112 - *Fiscal Year 2007-2008 Financial Planning*, dated November 13, 2006, the Administration indicated that \$3.225 million of fund balance could

be used as a revenue source and still maintain the School Board specified 3.5 percent of the FY 2007-2008 projected budget.

Since that point in time, the Governor released her proposed FY 08 budget which includes funding for the increased rates for both the PERS and TRS retirement systems. The Administration has included in the FY 2007-2008 Proposed Financial Plan the projected revenues and expenditures for the retirement rate increases, which when combined with other additions and reductions to bring the budget in balance, has resulted in the General Fund budget to increase by approximately \$71.027 million since the November 13 projections. The Administration is recommending continuing to utilize the \$3.225 million of fund balance as a revenue source, which results in the undesignated fund balance to be approximately 3.0 percent of the General Fund budget of \$546.394 million after honoring the agreement with the Municipality of Anchorage on maintaining fund balance for bond rating purposes. This percent is within industry standards of 3 to 5 percent of the budget.

Pupil Transportation Reimbursement—The proposed FY 2007-2008 revenue projection for Pupil Transportation is based on the State transportation funding mechanism adopted in July 2003 that caps the per student allocation at the 2003 level with inflationary adjustments established at one-half the Anchorage consumer price index in 2004 and 2005. The inflationary provision expired on June 30, 2006; therefore, the projections do not include a CPI adjustment. If the Legislature makes any adjustments to the formula they will be included in future projections.

User Charges and Fees—Fees continue to be assessed for musical instrument usage, ASD documents, High School and Middle Level Student Activity fees, High School parking fees, summer school, credit course training fees, and rental fees. After further review and recommendations made by the Budget Review Teams, community and staff, the Administration is recommending a \$5 per course increase to all levels of summer school, \$5 per activity increase at the middle and high school levels, and a \$5 increase to the family cap for activity fees. The following schedule shows the FY 2007-2008 proposal as compared to FY 2006-2007:

	<u>FY 2006-2007</u>	<u>FY 2007-2008</u>
Summer School – Elem./Middle	\$80 per course	\$85 per course
Summer School – High School	\$85 per course	\$90 per course
Music Instrument Usage Fee	\$40 per instrument	No change
Middle Level Activity Fees	\$75 per activity	\$80 per activity
High School Activity Fees*	\$130 per activity	\$135 per activity
High School Parking Fees	\$50 per semester	No change
Facility Rental Fees **	\$548,000	\$580,000
Family Cap for Activity Fees*	\$325	\$330

*** Activity Fees and the Family Cap for Activity Fees will be re-evaluated and re-adjusted prior to June 30, 2007.**

****** As a requirement to receive funding from the Rasmuson Foundation for improvements to the West High School auditorium, the District is required to charge a surcharge on non-school district events for funding a maintenance and replacement fund for the auditorium. The District is currently working with the Rasmuson Foundation on the details. The Administration is proposing that a comparable surcharge be established for non-school district events at the auditoriums at Bartlett, East and Chugiak High Schools and probably a smaller surcharge for non-school district events at the auditorias at Dimond, South and Eagle River High Schools. This will allow the District to replace chairs and equipment as needed. This proposal would not increase the user fee revenue in the General Fund. The maintenance and replacement fund would be established outside of the General Fund similar to the Equipment Replacement Fund that the District currently maintains. Further information will be brought forward to the School Board at a later date.

Medicaid—Based on an assertive action plan by the District to ensure that the funding is obtained, it is estimated that the District will receive approximately \$1.0 million in Medicaid funding. The District is working closely with the Alaska Department of Health and Social Services (DHSS) to ensure that we obtain the maximum eligible funds for the District. The DHSS has established procedures that will make the process less cumbersome for districts. They have put the survey form on-line and have provided training to the District. The District has put in place guidelines to secure training for personnel randomly selected by DHSS and will monitor this closely to ensure that we maximize the amount of revenues the District is eligible to receive.

E-Rate—The District has not yet received the funding commitment letter from the Universal Service Administrative Company (USAC) for FY 2006-2007; however, the District has been working with the Program Integrity Assurance group of USAC and anticipates a funding commitment letter later this year. There are no significant program changes that would alter FY 2007-2008 revenue projections from the FY 2006-2007. The District receives all eligible revenues based on all eligible expenditures.

Expenditures

Student and program needs and a commitment to use the funds economically drive expenditure projections. Recommendations received from the Budget Review Teams, interested community members, staff, students, and the Administration have been considered and incorporated into the budget where appropriate always keeping in mind the District's core focus of providing educational services. **Both revenue enhancements and expenditure reductions were incorporated to bring the budget into balance.**

Salaries and Benefits—Employee salaries, wages, and benefits are projected to be approximately 87.9 percent of the operating cost of the District. The projections include consideration for the last best offer for the Anchorage Education Association (AEA) and the “me too” clauses for the other bargaining groups. In addition, the projections include consideration for contract negotiations for the Anchorage Principal Association (APA) and compensation consideration for Exempt personnel. Once these two contracts are finalized, adjustment for FY 2007-2008 costs will be made. Compensation provisions for completed contracts and payroll tax adjustments known at this time are also included in the expenditure projections. The FY 2007-2008 Proposed Financial Plan includes the new retirement rates approved by the ARMB for the PERS and TRS retirement systems. Based on the Governor’s education funding plan released on December 15, 2006, a new revenue line item has also been added for funding the estimated increased retirement costs related to the mandatory retirement rate increases for certificated retirement (26 percent to 54.03 percent) and classified retirement (24.25 percent to 40.89 percent).

Staffing—Staffing requirements have been adjusted based on the official projections set forth for September 30, 2007. Official projections are based on actual enrollment as of September 30, 2006.

Certificated Teaching Positions—After careful consideration and implementation of many of the recommendations for revenue enhancements and expenditure reductions made by the Budget Review Teams, interested community members, staff, and students, the Administration is not able to bring budgeted expenditures in balance with budgeted revenues without increasing class size. In addition to making adjustments for staffing based on enrollment changes, program realignment, and for staff requirements based on rural-urban transitioning and immigration from other countries that provides the District with a wealth of challenging opportunities with over 90 languages spoken in the Anchorage Schools other than English, the pupil to classroom teacher staff ratio (PTR) for FY 2007-2008 is recommended to be increased by 1.5 in all grade levels above the current year PTR. Staff for special education is continuing to be based upon demonstrated need and program.

	<u>FY 2006-2007</u>	<u>FY 2007-2008</u>
Kindergarten (FTE)	20.75 to 1	22.25 to 1
Grade 1	21.25 to 1	22.75 to 1
Grades 2-3	24.25 to 1	25.75 to 1
Grades 4-6	27.25 to 1	28.75 to 1
Grades 7-8	25.79 to 1	27.00 to 1
Grades 9-12	27.33 to 1	28.54 to 1
Special Education	Staffing is based upon demonstrated need and program (consistent with current year)	

Indirect Cost—In addition to charging eligible grants, the Administration plans to continue the practice put in place for charging the Food Service Fund using the State-approved indirect cost rate. This more accurately reflects the cost of services provided to the Food Service Fund by various departments budgeted in the General Fund. It is anticipated that by early spring 2007 the District will be appraised of the approved indirect cost rate for FY 2007-2008.

Contracted Services—Where appropriate, an inflationary adjustment to contracts has occurred. A very close review of actual contracted services determined if inflationary increases are warranted. If other known rate increases are warranted, they were included in the budget. Utilities are budgeted based on analysis of usage and cost saving measures being taken, and are then adjusted according to projected rate increases and/or decreases as recommended by the utility agencies. With rate adjustments occurring mid-year FY 2006-2007, review of actual projected expenditures for this year, and as of November 1, 2006 the loss of the 8.5 percent discount rate previously received from Aurora Gas, approximately 3 percent to 42 percent increases for the utilities are projected over the current year utility budgets.

Pupil Transportation—Expenditures for contracted pupil transportation routes or FY 2007-2008 include an estimated increase based on COLA of 3.0 percent. However, revenue funding to support the expenditures no longer provides for the COLA adjustment. This issue is a School Board legislative priority.

Major Maintenance—The Administration recommends maintaining the funding level for major maintenance projects of \$2.483 million for some of the District's more than 94 schools and facilities. As our facilities continue to age, periodic maintenance must take place on a regular basis to keep the buildings in good repair for optimum safety and efficiency. The community has voiced strong support for prioritizing this use of funds.

Supplies—Some departments may show an increase in supplies based on departmental need to service the total District program requirements (i.e., fuel requirement to run District buses and vehicles and postage). The per pupil allocation for school supplies and equipment includes an inflationary adjustment for middle and high school levels. Elementary education elected to not increase their supply/equipment allocation in lieu of making further reductions. In addition, the FY 2007-2008 supply/equipment allocation for the new Begich Middle School is four times the regular rate of existing middle schools to help offset some of the extraordinary expenditures of opening a new school.

Equipment—Replacement equipment purchases between \$5,000 and \$50,000 will be purchased from the Equipment Replacement Fund. The FY 2007-2008 Proposed Financial Plan includes on a small amount of funds for expendable equipment other than the amount included in the student supply/equipment allocation.

New School and Additions—Included in our expenditure projections are costs associated with the operation and maintenance costs for the major renovations at Service High School and the opening of the new Begich Middle School.

Operation and Maintenance

- Opening of Begich Middle School – (\$2.714 million); and addition/renovation to Service High School (\$156,000)

Staffing Adjustments based on Lower Enrollment – Net staffing reductions due to declining enrollment 22 FTE - (\$1,717,100)

Staffing Adjustments for current ASD students attending the new Charter Schools -This assumes that the 380 students projected for the two new charter schools will come from our current ASD schools (16 FTE)-(\$1,248,800)

Charter Schools—Opening of Alaska Native Charter School and Rilke Schule Charter School— \$3,254,000

Incremental PERS/TRS Increase— \$67,034,398

Major Expenditure Reductions—The major program reductions/eliminations and the positions that were required to be eliminated in the FY 2007-2008 budget in order to bring expenditures in balance with projected revenues are as follows:

- Pupil to classroom teacher staff ratio (PTR) increased 1.5 in all grade levels - 83.5 FTE (\$5,624,000)
- Reduced Teacher positions that supported class size reductions - 12.9 FTE (\$1,007,000)
- ~~Outsource high school boys hockey~~ – Reinstated
- ~~Eliminated High School Principal - 1 FTE (\$132,300)~~ Reinstated
- Eliminated Elementary Assistant Principal -1 FTE (\$132,300)
- Eliminated Teachers for Middle School Zero Hour Pre Algebra - 2 FTE (\$156,000)
- Reduced R.O.T.C Position - 1 FTE (\$58,000) net amount to include reduced revenues
- Eliminated one (1.0) Library Assistant at each of each high school that currently has two - 5.25 FTE (\$221,200)
- Eliminated all Library Assistants at the middle school level - 8.312 FTE (\$393,500)
- Reduced one-half Custodian at each of the comprehensive high schools – 4.0 FTE (\$160,500)
- Reduced teaching positions and supplies in the Gifted Program – 2 FTE (\$182,500)
- Reduced Bilingual Tutors – 4.375 FTE (\$176,300)

- ~~Closure/redirection of students who attend the AVAIL program to other existing alternative programs in the District including building rental and parking - 1 FTE (\$117,600)~~ Reinstated
- Eliminated Youth Reception Center/Covenant House - (\$50,000)
- Reduced teacher/parent outreach home visits with the Native Community (AFACT) and other outreach programs - (\$35,000)
- Eliminated Senior Administrative Clerk in Accounting - 1 FTE (\$48,000)
- Eliminated Senior Administrative Clerk in Purchasing - 1 FTE (\$48,000)
- Reduced Elementary Summer School - (\$150,000)
- ~~Reduced at the elementary level the Battle of the Books - (\$15,000)~~ Reinstated
- Reduced Houghton - Mifflin implementation - (\$500,000)
- Reduced Added Duty Addendum for interscholastic activities in elementary schools - (\$123,300)
- Reduced Elementary school supply/equipment allocation by five percent - (\$109,000)
- Eliminated Middle Level Summer School Enrichment program - (\$61,667)
- Eliminated Middle Level After School Tutoring - (\$90,000)
- Reduced High School Summer School Program - (\$52,450)
- Reduced funding for Learning Interventions - HSGQE (\$100,000)
- ~~Reduced Nurse .5 FTE each at SAVE and Benny Benson - 1 FTE (\$78,500)~~ (Reinstated)
- Eliminated a Curriculum Administrative Assistant position .5 FTE - (\$23,100)
- Reduced Added Days and Added Duty for training for professional development - (\$89,500)
- Eliminated Statistician position - .5 FTE (\$36,900)
- Reduced printing and advertising services - (\$91,400)
- Reduced commercial security services - (\$25,000)
- Eliminated Community Resources Administrative Assistant and added a five hour Secretary position - (net reduction of .375 FTE and \$33,200)
- Reduction between phases of the Student Information System - (\$735,000)

ASD Education Center Consolidation Savings

- Courier - 1FTE (\$51,600)
- Custodian - 1FTE (\$40,800)

Major Expenditure Enhancements—Other program changes that will enhance departments across the district and the community are as follows:

- Purchasing Pilot Program through the Cooperative Services Authority - \$250,000 with estimated \$250,000 savings in purchasing supplies/equipment for \$0 net cost

- Disaster supplies for Begich Middle School, a designated shelter site - (\$25,000)
- Preventative maintenance of emergency preparedness portable generators and annual inspection of emergency preparedness boilers - (\$130,000)
- Alternative Career Education (ACE) Program building lease - \$142,000

Other Position Increases—The following program positions were added due to program positions being transferred from grant funding, the essential need to support the schools' large increase in the use of technology, or to provide better service to the community:

- Social and Emotional Learning - .8 FTE (\$61,600) previously grant funded
- Educational Technology - Micro Systems Specialist II - 1 FTE (\$77,100); other positions were transferred from Instructional Technology
- Information Technology positions for support in the schools - one (1.0) programmer, one (1.0) Server Administrator I, seven (7.0) Technology Support I - 9 FTE (\$551,800)
- Administrative Assistant for Middle Level (.75 FTE) and District Accountability (.25 FTE) - (\$47,850)
- Custodian position for the elementary schools - 1 FTE (\$35,200)
- Special Education teacher assistants - 32.125 FTE (\$1,250,000)
- Special Education support staff: High School Program Specialist, Microcomputer Specialist, Health Treatment Specialist - 3 FTE (\$162,700)
- Principal for Providence Heights and Special Schools - 1 FTE (\$123,650)
- Health Services Nurse positions for elementary schools and alternative programs - ~~6 FTE (\$465,200)~~ 5 FTE (\$387,700) Transferred .5 FTE to SAVE and .5 FTE to Benny Benson

OTHER FUNDS

Food Service Fund—This fund is used to budget and account for operations of the Student Nutrition Program. The FY 2007-2008 budget has been increased from \$15.0 million to \$16.322 million. The budget for this fund covers both the direct and indirect cost of providing meals to students. These costs include all payroll costs, including increased hours for staff, food costs, the cost of support services, equipment repair and replacement costs, and overhead charges. Compensation provisions for completed contracts, and upward movement in food costs have been included in the projections. The major portion of the increase is due to the mandatory retirement rate increase for the Public Employees' Retirement System from 24.25 percent to 40.89 percent.

Based on the Governor's proposed FY 08 budget, funding for the retirement rate increase has been added as a new State revenue item titled "Supplemental State PERS Funding". The other major revenue sources for the Food Service Fund budget include revenue from meal sales, Federal reimbursement for meals

served, and the undesignated fund balance. This budget projects increases in meal sales and reimbursement revenue.

The Administration is recommending the use of the Food Service undesignated fund balance for the FY 2007-2008 Food Service Fund budget. The undesignated fund balance for the Food Service Fund as of June 30, 2006 was approximately \$857,000. Use of the undesignated fund balance of \$193,000 is being recommended to support the FY 2007-2008 Food Service budget. This will leave an approximate amount of \$664,500, which is 4.07 percent of the FY 2007-2008 Food Service Fund budget as presented in this memorandum. **A \$.25 per meal increase in elementary, middle and high school breakfast and lunch full price meals is required and will be directed towards the procurement and providing of healthy choice menu items.** It is projected that no local tax support will be required for the Food Service Fund in FY 2007-2008.

Debt Service Fund—This fund is used to budget and account for principal and interest payments on existing school bonds as well as the revenues necessary to fund these expenditures. Some of the District's bonds receive State debt reimbursement which varies depending on the year in which the bond proposition was approved. Due to savings incurred from the sale of new bonds at lower than anticipated interest rates and refinancing outstanding bonds, the District is able to use accumulated fund balance as a revenue source. The two April 2007 bond propositions approved by the School Board and scheduled for public hearing before the Assembly on February 13, 2007 have not been included in the projections.

Local / State / Federal Grants Fund—Expenditures in the Local/State/Federal Grants Fund are offset by matching revenues. The District continues to be successful in increasing grant funding from various State and Federal agencies and other sources. Revenues available through grants for these projects include competitively awarded grant funds—most of which are subject to annual federal and State appropriations. It is projected that budgets for FY 2007-2008 grants may increase approximately \$1.0 million based on discussion with grant writers. In addition, the Local/State/Federal Grants Fund has been increased to reflect the retirement rate increases. In order to not penalize programs funded by the grants and based on the Governor's proposed FY 08 budget providing funding for all classified and certificated salaries including those paid from grant funds, a Supplemental State PERS/TRS Funding revenue source has also been added to the grant fund.

FISCAL YEAR BUDGET COMPARISON

The following schedule compares by fund the FY 2007-2008 projected revenue/expenditures with those currently approved for FY 2006-2007. At this time, unknowns still remain such as contract negotiations and mandated services that may require funding.

REVENUE/EXPENDITURE BUDGETS

	Revised Budget <u>FY 2006-2007</u>	Proposed Budget <u>FY 2007-2008</u>	% Over /(Under) <u>Prior Year</u>
General	\$ 473,432,647	\$ 546,393,934	15.41%
Food Service	15,000,000	16,322,000	8.81%
Debt Service	77,310,215	79,206,014	2.45%
Local/State/Federal Grants	<u>49,000,000</u>	<u>55,735,000</u>	13.74%
All Funds	<u>\$ 614,742,862</u>	<u>\$ 697,656,948</u>	13.49%

TAXES

	Revised <u>FY 2006-2007</u>	Proposed <u>FY 2007-2008</u>	<u>Increase</u>
General Fund	\$ 155,257,376	\$ 169,429,242	\$14,171,866
Debt Service	<u>36,344,912</u>	<u>37,328,009</u>	<u>983,097</u>
All Funds	<u>\$ 191,602,288</u>	<u>\$ 206,757,251</u>	<u>\$15,154,963</u>

STUDENT ENROLLMENT PROJECTIONS

	FY 2006-2007 Actuals <u>Sept. 30, 2006</u>	FY 2007-2008 Projected <u>Sept. 30, 2007</u>	Change Over Prior <u>Year's Actual</u>
Enrollment	49,068	48,848	(220)
Full Time Equivalent (FTE)	48,816	48,580	(236)

In preparing the FY 2007-2008 Financial Plan, some of the budget development uncertainties still facing the District are:

- Legislative action
- Funding for the ARMB approved percent rate increase to the certificated and classified retirement systems
- Adjustment to the Base Student Allocation—current funding level - \$5,380
- Continuation of the School Improvement Grant funding
- Continuation and/or increased implementation of the ISER proposed district area cost differentials
- New construction and assessed valuation used for local tax limitation not finalized until March/April 2007
- Federal Impact Aid subject to annual appropriation

- Contract negotiations for AEA (Anchorage Education Association), and for APA (Anchorage Principals Association), and consideration for Exempt personnel
- Rate increase notifications from outside agencies
- Projected enrollment
- Deployment of military personnel and the relocation of their families
- Sustainability of student activity sports program due to loss of revenue from vending machines
- Further evaluation of current/new fees
- ESEA-No Child Left Behind requirements
- Assessment/Testing impact
- School Board areas of interest
- Budget Review Teams, community, staff, and students selected recommendations
- Six-Year Instructional Plan
- Continuation of State of Alaska Quality Schools Initiative
- Implementation of Technology Plan and new Student Information System

SUMMARY

Our assumptions in preparing the FY 2007-2008 Proposed Financial Plan are based on, but not limited to, the following criteria:

- Balanced budget for presentation to the Anchorage Assembly—Expenditures equal Revenues
- Alaska Public School Funding Program—No change in the base student allocation of \$5,380
- State providing funding for the ARMB approved rate increase to the certificated and classified retirement systems
- School Improvement Grant funding change from \$3.993 million to \$3.945 million based on actual ADM for FY 2006-2007
- Quality Schools Grant—no increase to per pupil amount of \$16
- State Pupil Transportation Reimbursement—current State formula which does not include a cost of living adjustment (COLA)
- Local Property Taxes—Full amount available under the property tax limitation
- Use of Fund Balance as a revenue source—Using \$3.225 million will bring the undesignated fund balance to 3.0 percent of the \$546.394 million FY 2007-2008 Proposed General Fund which still includes honoring the agreement with the Municipality to maintain a fund balance in the General Fund at year end in an amount equal to or greater than 8.25 percent of total General Fund revenues from local tax appropriations to enhance the Municipality's bond rating.

The budget development process is a work in progress and will be subject to change as the process moves along through June 2007. At this time the Administration has prepared the FY 2007-2008 Proposed Financial Plan with the most current information known at this time. As the Legislature addresses bills related to school funding and information related to the local tax limitation is finalized, adjustments and refinements will be made. We will continue to encourage the Legislature and Assembly to provide adequate funding so that all students receive an excellent education, which can only be achieved if we have adequate resources to continue and improve our programs and to attract and retain our quality employees.

Attachments

CC/JS/MSL

Prepared by: Marie S. Laule, Budget Director
Approved by: Janet Stokesbary, Chief Financial Officer

Anchorage School District
Fiscal Year 2007-2008

PROJECTED REVENUES AND EXPENDITURES SUMMARY
With ARMB Approved Increased Certificated (54.03%) and Classified Retirement (40.89%) Rates
Second Reading Revised

Fund	Revenues and Fund Balance			FY 2007-2008 Revenue/Source Projections	FY 2007-2008 Expenditure Projections
	Taxes	Local	State	Federal	
General	\$ 169,429,242	\$ 9,098,000	\$ 354,166,692	\$ 13,700,000	\$ 546,393,934
Food Service	0	6,363,500	822,000	9,136,500	16,322,000
Debt Service	37,328,009	2,167,000	39,271,005	0	79,206,014
	206,757,251	17,628,500	394,699,697	22,836,500	641,921,948
Local, State and Federal Grants	0	650,000	6,935,000	48,150,000	55,735,000
TOTAL	\$ 206,757,251	\$ 18,278,500	\$ 401,634,697	\$ 70,986,500	\$ 697,656,948
Percentage of Revenue Sources to Total Revenue Projections	29.64%	2.62%	57.57%	10.17%	100.00%

Computation of Total Taxes
for Calendar Year 2007

	General Fund	Debt Service Fund
Amount required to fund second half of Adopted FY 2006-2007 Budget: January 1, 2007/June 30, 2007	\$ 77,628,688	\$ 18,172,456
Amount required to fund first half of Adopted FY 2007-2008 Budget: July 1, 2007/December 31, 2007	84,714,621	18,664,005
TOTAL Taxes for Calendar Year 2007	\$ 162,343,309	\$ 36,836,461
Total Taxes for Calendar Year 2007		
1) Total Taxes 2007	\$ 162,343,309	\$ 36,836,461
Assessed Valuation	\$ 28,185,468,035	\$ 28,185,468,035
	5.76 mills	1.31 mills

1) The 2007 mill rate estimate is based on assessed valuation provided by the Municipality of Anchorage Office of Management and Budget (Verified 01/18/07). This number is preliminary and is subject to change in spring 2007.

Anchorage School District
Fiscal Year 2007-2008

PROJECTED REVENUES SUMMARY BY FUND
FISCAL YEARS 2005-2006 TO 2007-2008
Second Reading Revised

Fund	FY 2005-2006 Revised	FY 2006-2007 Projections	FY 2007-2008 Projections	FY 2007-2008 Change over	
				FY 2006-2007 Revised Amount	FY 2006-2007 Revised Percent
General	\$ 433,003,676	\$ 473,432,647	\$ 546,393,934	\$ 72,961,287	15.41%
Food Service	14,515,771	15,000,000	16,322,000	1,322,000	8.81%
Debt Service	76,686,739	77,310,215	79,206,014	1,895,799	2.45%
Local/State/ Federal Grants	48,000,000	49,000,000	55,735,000	6,735,000	13.74%
TOTAL	\$ 572,206,186	\$ 614,742,862	\$ 697,656,948	\$ 82,914,086	13.49%
<u>Taxes</u>					
General	\$ 144,322,321	\$ 155,257,376	\$ 169,429,242	\$ 14,171,866	9.13%
Debt Service	32,834,680	36,344,912	37,328,009	983,097	2.70%
TOTAL	\$ 177,157,001	\$ 191,602,288	\$ 206,757,251	\$ 15,154,963	7.91%

REVENUE and FUND BALANCE SUMMARY BY FUND AND SOURCE

Second Reading Revised

	FY 2005-2006 Audited Actual	FY 2005-2006 Revised	FY 2006-2007 Revised	FY 2007-2008 Projections	FY 2007-2008 Inc/(Dec) over FY 2006-2007 Revised Budget
General Fund					
Local Revenue/Fund Balance					
Local Taxes	\$ 144,322,321	\$ 144,322,321	\$ 155,257,376	\$ 169,429,242	\$ 14,171,866
Interest	3,070,787	600,000	1,500,000	2,235,000	735,000
Other Local	3,255,486	3,389,500	3,342,800	3,225,000	295,200
Fund Balance	150,648,594	154,811,821	160,100,176	178,527,242	3,225,000
State Revenue					18,427,066
Alaska Public School Funding Program	248,771,460	246,360,130	276,180,359	265,347,950	(10,832,409)
School Improvement Grant			3,993,800	3,945,302	(48,498)
Pupil Transportation	17,317,199	17,034,683	17,101,270	16,897,000	(204,270)
Supplemental State Funding - PERS/TRS			942,042	67,034,398	
Supplemental State Funding	920,407	927,042	942,042	942,042	
Federal Revenue	267,009,066	264,321,855	298,217,471	354,166,692	(11,085,177)
Federal Impact Aid	11,197,619	12,750,000	13,500,000	12,000,000	(1,500,000)
Medicaid Reimbursement	1,340,998	650,000	1,000,000	1,000,000	
R.O.I.C.	618,484	470,000	615,000	700,000	85,000
	13,157,101	13,820,000	15,115,000	13,700,000	(1,415,000)
Total General Fund	430,514,761	433,003,676	473,432,647	546,393,934	5,926,889
Food Service Fund					
Sales	5,251,203	6,213,593	6,400,151	6,170,291	(229,860)
Fund Balance	32,142	369,413	193,160	193,160	
Supplemental State Funding/PERS				822,000	
Federal Reimbursement	8,579,320	7,932,765	8,406,689	9,136,549	729,860
Total Food Service	13,862,665	14,515,771	15,000,000	16,322,000	500,000
Debt Service Fund					
Local Revenue/Fund Balance					
Local Taxes	32,834,680	32,834,680	36,344,912	37,328,009	983,097
Interest	63,400				
Fund Balance	6,416,718	5,249,050	2,000,000	2,000,000	
Other Financing Sources	55,412				
Fund Transfer	208,750	208,750	167,000	167,000	
State Sources	39,578,960	38,292,480	38,511,912	39,495,009	983,097
Debt Service	36,995,247	38,394,259	38,798,303	39,711,005	912,702
	36,995,247	38,394,259	38,798,303	39,711,005	912,702
Total Debt Service	76,574,207	76,686,739	77,310,215	79,206,014	1,895,799
Local/State/Federal Grants					
Local Grants	424,968	747,757	645,047	551,700	(93,347)
State Grants	904,665	1,093,860	1,097,434	1,987,300	889,866
Federal Grants	38,975,114	46,158,383	47,257,519	47,461,000	203,481
Supplemental State Funding PERS/TRS				5,735,000	5,735,000
Total Local/State/Federal Grants	40,304,747	48,000,000	49,000,000	55,735,000	6,735,000
Total Revenues	\$ 561,556,380	\$ 572,206,186	\$ 614,742,862	\$ 697,656,948	\$ 82,914,086
Total Expenditures	\$ 512,628,257	\$ 525,961,166	\$ 614,742,862	\$ 697,656,948	\$ 82,914,086
Total Taxes - Fiscal Year	\$ 177,157,001	\$ 177,157,001	\$ 191,602,288	\$ 206,757,251	\$ 15,154,963

SCHEDULE OF GENERAL FUND REVENUES FROM LOCAL SOURCES/FUND BALANCE
Second Reading Revised

Local Sources	FY 2005-2006 Audited Actual	FY 2005-2006 Revised	FY 2006-2007 Revised	FY 2007-2008 Projections
Municipality of Anchorage Appropriation of Taxes	\$ 144,322,321	\$ 144,322,321	\$ 155,257,376	\$ 169,429,242
Other Local				
Career Center Instructional Projects	66,099	81,200	81,200	81,000
Facilities Rentals (A)	684,383	572,000	548,000	580,000
Nonresident Tuition	56,683	1,000	1,000	1,000
Credit Recovery Fees (B)			10,000	10,000
Graduation Support Services (C)	18,866	60,000		
Summer School - Elementary (D)	29,175	35,000		
Summer School - Special Education (D)				
Summer School - Middle Level (D)	38,762	30,000	32,000	33,000
Summer School - Secondary (E)	188,565	130,000	1,500	1,500
Music Instrument Usage Fee (F)	18,379	16,500	36,000	43,000
Middle School Activity Fees (G)	214,000	210,000	200,000	220,000
High School Activity Fees (H)	579,525	550,000	26,600	26,600
High School Parking Fees (I)	212,064	225,000	205,000	225,000
Other Fees (Training Fees, Documents) (I)	83,147	77,500	640,000	865,400
Property Sales, Insurance Proceeds, and Miscellaneous	203,170	301,300	225,000	215,000
Interest Earnings	3,070,787	600,000	81,500	81,500
E-rate (K)	862,668	1,100,000	355,000	355,000
Fund Balance			1,500,000	2,235,000
		6,500,000	900,000	900,000
	6,326,273			3,225,000
	\$ 150,648,594	\$ 154,811,821	\$ 160,100,176	\$ 178,527,242
TOTAL				

(A) Facilities Rentals-Projections reflect more usage with the opening of Begich Middle School as well as loss of one major rental user.
(B) Credit Recovery Course Fee @ \$75/course.

(C) Graduation Support Services - is no longer being collected. Other programs provide the instructional services previously secured through this program.
(D) Summer School - \$85 FY 2007-2008; \$80 in FY 2006-2007; \$75 FY 2005-2006.

(E) Summer School - \$90 - FY 2007-2008; \$85 - FY 2006-2007; \$75 - FY 2005-2006.

(F) Music Instrument Usage Fee - \$40 - FY 2007-2008; \$40 - FY 2006-2007; \$25 - FY 2005-2006.

(G) Middle School Activity Fees \$80 - FY 2007-2008; Family Cap \$330; \$75 - FY 2006-2006 Family Cap of \$325 (Middle and High Schools combined).

(H) H. S. Act. Fees \$135/sport Fam Cap \$330/FY 2007-2008; \$130/sport Fam Cap \$325/FY 2006-2007; \$125/sport Fam Cap of \$300 (Middle & High combined).

Activity Fees and the Family Cap for Activity Fees will be re-evaluated and re-adjusted prior to June 30, 2007.

(I) High School Parking Fees \$50/semester.

(J) Training fees - \$25 per course with continuation for FY 2007-2008.

(K) E-rate established by Congress to provide funding to K-12 schools for telecommunications, Internet access and internal connections (Network Infrastructure).

Anchorage School District
Fiscal Year 2007-2008

COMPUTATION OF MUNICIPAL TAX LIMITATION
Second Reading Revised

Taxes Projected—Anchorage School District FY 2006-2007
Less: Prior Year Taxes Required for Debt Service

	1/31/2007	2/8/2007
	\$ 191,602,288	\$ 191,602,288
	36,344,912	36,344,912
Net Taxes Approved for General Fund	155,257,376	155,257,376

Adjustment Factors

	1/31/2007	2/8/2007
Population 5 year Average	1.26 %	1.68 %
CPI—Anchorage Urban	3.90	3.20
	5.16 %	4.88 %

Basic Tax Limitation

	8,011,281	7,576,560
	163,268,657	162,833,936

Plus Exclusions: Taxes for Operations and Maintenance on New Voter Approved Facilities (1)

Taxes Requested on New Construction/Property Improvements (2)	2,043,299	2,043,299
Tax Limitation—General Fund	4,552,007	4,552,007
	169,863,963	169,429,242

Taxes Requested for Debt Service

	37,328,009	37,328,009
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TAX LIMITATION FY 2007-2008

	1/31/2007	2/8/2007
General Fund	169,863,963	169,429,242
Debt Service Fund	37,328,009	37,328,009

TAXES PROJECTED IN PRELIMINARY FINANCIAL PLAN—FY 2007-2008

	\$ 207,191,972	\$ 207,191,972
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AMOUNT (OVER) LESS THAN TAX LIMITATION

	\$ (0)	\$ (434,721)
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Note:

- (1) The taxes approved for debt service are for sold bonds approved by the qualified voters.
- (2) Taxes on new construction or property improvements, excluded from the limitation the first year, are computed as follows: 7.13 mills x \$638,770,000 (2006 new construction/property improvement value verified by the Municipality of Anchorage's Office of Management and Budget) = \$4,552,077. Confirmation of new construction will not be available until late March/April.
- (3) The Anchorage Assembly may approve more or less taxes than this within the combined total of the tax limitations for the Municipality of Anchorage and the Anchorage School District.

SCHEDULE OF GENERAL FUND REVENUES FROM STATE SOURCES
Second Reading Revised

State Sources	FY 2005-2006 Audited Actual	FY 2005-2006 Revised	FY 2006-2007 Revised	FY 2007-2008 Projections
Alaska Public School Funding Program (A)	\$ 248,771,460	\$ 246,360,130	\$ 276,180,359	\$ 265,347,950
School Improvement Grant - One Time Revenues (B)			3,993,800	3,945,302
Pupil Transportation (C)	17,317,199	17,034,683	17,101,270	16,897,000
<u>Supplemental State Funding and Grants:</u>				
On-Base Schools (D)	408,484	408,484	408,484	408,484
McLaughlin Youth Detention Grant (D)	388,588	388,558	388,558	388,558
Providence Heights Grant (D)	123,335	130,000	145,000	145,000
PERS/TRS (E)				67,034,398
TOTAL	\$ 267,009,066	\$ 264,321,855	\$ 298,217,471	\$ 354,166,692

Notes:

(A) Alaska Public School Funding Program - FY 2007-2008

Basic Need Equals 66,651.48 Adjusted ADM x \$5,380 Student Allocation \$ 358,584,961
Minus 4 Mills x Foundation Defined Anchorage Assessed Valuation of \$22.247 billion (88,989,480)
Minus Deductible Portion of Federal Impact Aid (5,313,955)
Add \$16/ adjusted ADM for Quality Schools 1,066,424
Total Alaska Public School Funding Program Aid \$ 265,347,950

- (B) School Improvement Grant (House Bill 13) - Originally approved as one time revenues by the Legislature and Governor, May 2006. As this grant funding was included in the Governor's '08 budget the FY 2007-2008 is based on FY 2006-2007 actual revenue received based on actual ADM enrollment.
- (C) Pupil Transportation - Reimbursement estimate based on FY 2002-2003 actual expenditures/number of FY 2002-2003 actual ADM less Correspondence Programs times FY 2007-2008 estimated ADM less Correspondence Programs. Currently there is not a CPI adjustment for inflation for FY 2007-2008.
- (D) State of Alaska supplemental grant to partially fund this program.
- (E) Supplemental State Funding for the Classified (24.25% to 40.89%) and Certificated Retirement (26% to 54.03%) Systems rate increases.

Anchorage School District
Fiscal Year 2007-2008

SCHEDULE OF GENERAL FUND REVENUES FROM FEDERAL SOURCES
Second Reading Revised

Federal Sources	FY 2005-2006		FY 2005-2006 Revised	FY 2006-2007 Revised	FY 2007-2008 Projections
	Audited Actual				
Federal Impact Aid (A)	\$ 11,197,619		\$ 12,750,000	\$ 13,500,000	\$ 12,000,000
Medicaid (B)	1,340,998		650,000	1,000,000	1,000,000
R.O.T.C. (C)	618,484		470,000	615,000	700,000
TOTAL	\$ 13,157,101		\$ 13,870,000	\$ 15,115,000	\$ 13,700,000

(A) Federal Impact Aid revenue is received for students living on military land and for other federally-connected students.

(B) Medicaid is for indirect health services to students who are Medicaid eligible in the schools.

(C) Revenues for FY 2007-2008 were adjusted to reflect actual receipt of revenues.

Anchorage School District
School Board Approved Budget Revisions on January 31, and February 8, 2007
and Updated Revenue Information
FY 2007-2008

Attachment B

Item	PROGRAM DESCRIPTION	FTE	First Reading 1/31/2007	
			Expenditures Amount	Revenues Amount
General Fund January 31, 2007				
	<i>Revenue Revision</i>			
1.	No Revisions		\$ 547,555,803	\$ 547,555,803
	<i>Expenditure Revision</i>			
1.	Eliminate Council of Urban Boards of Education (CUBE) Membership		(11,000)	
2.	Reduce School Board Conference Travel		(2,000)	
3.	Reduce School Board Lobbying by One-Half		(11,250)	
4.	Non-Departmental Unallocated TBD		24,250	
Total Revisions			0	0
General Fund Total			0	547,555,803

**Adjustments to the FY 2007-2008 Proposed Financial Plan
Confirmed Information since First Reading (2/08/2007)**

General Fund				
<i>Revenue Revision</i>				
<i>State</i>				
1.	Alaska Public School Funding Program (Reduced Level III Intensive special needs students and effect of Local Property Tax Loss)			(678,650)
2.	School Improvement Grant (from \$3,993,800 to \$3,945,302)			(48,498)
<i>Local</i>				
3.	CPI Adjustment (from 3.9% to 3.2%)			(1,086,802)
4.	5-Year Anchorage Municipal Population (from 1.26% to 1.68%)			652,081
<i>Expenditure Revision</i>				
1.	Non-Departmental- Unallocated (Expenditure Reductions TBD)		(1,161,869)	

Second Reading 2/8/2007				
<i>Expenditure Revision</i>				
1.	Reinstate the AVAIL High School Program		249,923	
2.	Reinstate Battle of the Books		15,000	
3.	Non-Departmental- Unallocated (Expenditure Reductions TBD)		(264,923)	
Total Revisions			0	(1,161,869)
General Fund Total			0	546,393,934
<i>General Fund</i>				
	Food Service Fund		\$ 546,393,934	\$ 546,393,934
	Debt Service Fund		16,322,000	16,322,000
	Local, State, and Federal Projects Fund		79,206,014	79,206,014
			55,735,000	55,735,000
Interim Total as of 2/8/2007 (Second Reading)			\$ 697,656,948	\$ 697,656,948
Tax Limitation as of 2/8/2007			\$ 206,757,251	

ANCHORAGE SCHOOL DISTRICT
GENERAL FUND
SUMMARY OF MAJOR BUDGETED REVENUE INCREASES/DECREASES
FY 2007-2008
SECOND READING

FY 2006-2007 Revised Revenue Budget **\$ 473,432,647**

Major Budgeted Revenue Reductions:

Alaska Public School Funding Program:	(10,832,409)
Federal Impact Aid	(1,500,000)
Pupil Transportation	(204,270)
School Improvement Grant	(48,498)
School Activity Fees	(35,000)
High School Parking Fees	(10,000)
Career Center Instructional Projects	(200)
Total Major Budgeted Revenue Reductions:	(12,630,377)

Adjusted Revenues After Reductions: 460,802,270

Major Budgeted Revenue Increases:

TRS/PERS	67,034,398
Tax Appropriation	14,171,866
Fund Balance	3,225,000
Interest Earnings	735,000
School Activity Fees	280,400
JROTC	85,000
Facilities Rentals	32,000
Summer School Fees	28,000
Total Major Budgeted Revenue Increases:	85,591,664

FY 2007-2008 Proposed Revenue Budget **\$ 546,393,934**

Total Major Budgeted Revenue Increases/Decreases: \$ 72,961,287

ANCHORAGE SCHOOL DISTRICT
GENERAL FUND
SUMMARY OF MAJOR BUDGETED EXPENDITURE INCREASES AND REDUCTIONS
FY 2006-2007 COMPARED TO FY 2007-2008
SECOND READING

FY 2006-2007 Revised Budget \$ 473,432,647

Major Expenditure Increases & Decreases:

Districtwide

Incremental TRS Increase	53,986,328
Incremental PERS Increase	11,426,399
Incremental TRS Increase - Charter Schools	1,487,334
Incremental PERS Increase - Charter Schools	134,337
Pending Negotiations	6,100,000
Previously Settled Employee Contracts	3,726,917
Utilities (Heat, Water, Electricity, Telephone, Refuse)	3,111,397
Contracted Transportation	498,400
Purchasing Co-Op Pilot Program with Municipality (see offset below)	250,000
Other Capital Outlay Expense	44,663
Unallocated Adjustments - Non-Departmental (see offset under Administration/Support Services/Rentals, Community Resources)*	24,250
Mileage	14,282
Total Districtwide Increases:	80,804,307

Attrition Benefits	(1,100,000)
Unallocated Adjustments - Reduced Level III intensive special needs students, decreased local property tax due to 5-year population adjustment and CPI	(1,161,869)
Non-Departmental- Unallocated (Expenditure Reductions TBD) **	(264,923)
Decrease in Worker's Compensation Rate from 8.95% to 7.458% for Bus, Custodians and Maintenance	(344,492)
Purchasing Co-Op Pilot Program Savings on Supplies/Equipment (see offset above)	(250,000)
Indirect Cost	(48,930)
Total Districtwide Decreases:	(3,170,214)
Total Districtwide Changes:	77,634,093

Elementary

Add one-half Custodian at both Airport Heights and Rogers Park (1.0 FTE)

	35,200
Total Elementary Increases:	35,200

Pupil to classroom teacher staff ratio (PTR) increased 1.5 (-43.0 FTE)	(2,890,591)
Elementary Teacher reduction due to enrollment (-19.0 FTE)	(1,481,857)
Elementary Teacher reduction as enrollment attends new Charter Schools (-16.0 FTE)	(1,248,800)
Elementary Classroom Teachers in support of class size reductions (-7.5 FTE)	(585,375)
Reduced Houghton-Mifflin implementation	(500,000)
Elementary Summer School Reduction	(150,000)
Elementary Assistant Principal (-1.0 FTE)	(132,300)
Two Level 1 addenda/elementary school	(123,300)
Reduced school supply/equipment allocation by 5%	(109,000)
Elementary PE, Art, Music teachers in support of class size reductions (-1.15 FTE)	(89,691)
Battle of the Books Reinstated	(15,000)
Total Elementary Decreases:	(7,310,914)
Total Elementary Changes:	(7,275,714)

Charter Schools

Alaska Native Charter School (New School)	1,694,245
Rilke Schule German Charter School (New School)	1,559,752
Charter School Enrollment Adjustment	127,212
Total Charter School Changes:	3,381,209

Special Education

Teacher Assistants - Sp. Ed. Elementary (21.125 FTE)	826,648
Nurse - Health Services (5.0 FTE)	344,791
Building Lease for ACE Program	142,000
Teacher Assistants - ACE Program (3.5 FTE)	133,354
Teacher Assistants - Sp. Ed. High School (3.375 FTE)	129,972
Reduction of Teacher (1.0 FTE) to pay for interpreter referral line at ASSDHH	82,000
Teacher Assistants - ASSDHH (2.0 FTE)	73,442
Special Education Program Specialist - Sp. Ed. High School (1.0 FTE)	61,212
Microcomputer Specialist - Whaley (1.0 FTE)	56,909
Teacher Assistants - Whaley (1.125 FTE)	49,764
Health Treatment Specialist - Health Services (1.0 FTE)	44,608
Contracted Transportation - Sp. Ed. Summer School	37,274
Teacher Assistants - Mt. Iliamna (1.0 FTE)	36,721
Total Special Education Changes:	2,018,695

Gifted Education

Reduce Special Service Teachers (-2.0 FTE)	(154,000)
Total Gifted Program Changes:	(154,000)

Bilingual Education

Reduced 4.375 Teacher Assistant positions (-4.375 FTE)	(176,300)
Total Bilingual Education Changes:	(176,300)

Middle Schools

O & M for Begich Middle School	2,714,000
Secondary Teacher increase due to enrollment (1.0 FTE)	78,050
Total Middle School Increases:	2,792,050
Pupil to classroom teacher staff ratio (PTR) increased 1.5 (-15.5 FTE)	(1,044,700)
Reduce all Library Media Aides at the Middle Level (-8.3125 FTE)	(395,500)
Eliminate teachers for Zero Hour Pre-Algebra (-2.0 FTE)	(156,000)
Secondary Classroom Teachers in support of class size reductions (-1.4 FTE)	(109,475)
Eliminate Middle Level after school tutoring	(90,000)
Eliminate Middle Level Summer School Enrichment program	(61,667)
Total Middle School Decreases:	(1,857,342)
Total Middle School Changes:	934,708

High Schools

O & M including Custodian (1.0 FTE) and Maintenance (1.0 FTE) at Service High School	156,000
Total High School Increases:	156,000
Pupil to classroom teacher staff ratio (PTR) increased 1.5 (-25.0 FTE)	(1,688,859)
Secondary Classroom Teachers in support of class size reductions (-4.0 FTE)	(312,200)
Secondary Teacher reduction due to enrollment (-4.0 FTE)	(312,200)
Reduce One 7-hour Library Media Assistant at 6 High schools (-5.25 FTE)	(221,229)
Reduce One-Half Custodian at each comprehensive High School (-4.0 FTE)	(160,459)
Reduce one Principal (-1.0 FTE) Reinstated **	(132,300)
Closure/redirection of students from AVAIL to other District alternative programs (-1.0 FTE) Reinstated **	(117,600)
Reduce funding for learning interventions - HSGQE	(100,000)
ROTC at East High (-1.0 FTE)	(83,446)
Reduce High School summer school program	(52,450)
Converted East High Secretary to second Library Aide	(41,069)
Northwest Accreditation at Bartlett, East, South, and Eagle River High Schools	(40,000)
Total High School Decreases:	(3,011,912)
Total High School Changes:	(2,855,912)

Instructional Support

Microcomputer Systems Specialist II for Educational Technology (1.0 FTE)	77,100
Social & Emotional Learning position - previously grant funded (.8 FTE)	61,600
Teacher stipends, World Language support, PE/Health training, AKAHPERD, credit class for trainers, Social Studies consultants	17,298

Total Instructional Support Increases: 155,998

Reduce Curriculum and Instructional Program one-time expenditures	(136,300)
Reduce Added Days and Added Duty for Training for Professional Development (TPD)	(89,500)
Eliminated Statistician position (-.5 FTE)	(36,900)
Eliminated a Curriculum Administrative Assistant position (-.5 FTE)	(23,100)
Total Instructional Support Decreases:	<u>(285,800)</u>
Total Instructional Support Changes:	<u>(129,802)</u>

Administration/Support Services/Rentals, Community Resources

Information Technology positions for support in the schools - Programmer (1.0 FTE), Server Administrator (1.0 FTE), Technology Support I (7.0 FTE)	551,800
Fire alarm inspections	263,576
Elevator repairs, preventative maintenance of emergency portable generators, annual inspection and testing of emergency preparation dual fuel boilers	150,105
Maintenance for Begich Middle School (4.0 FTE) - Included with Begich O & M figure in Middle School section above	
Maintenance for Service High School (1.0 FTE) - Included with Service O & M figure in High School section above	
Additional Bus Driver & Bus Attendant (2.45 FTE)	72,188
Regulatory Compliance Specialist (.5 FTE)	37,065
Add Administrative Assistant - Middle School Ed. (.75 FTE)	35,914
Add Administrative Assistant - District Accountability (.25 FTE) (1047)	11,938
Girdwood Elementary ice rink, lawn maintenance	10,000
Total Administration/Support Services/Rentals, Community Resources Increases:	<u>1,132,586</u>

Reduced one-half of School Board legislative lobbying (\$11,250), eliminated membership in the Council of Urban Boards of Education (CUBE, \$11,000), and reduced School Board conference travel (\$2,000)*	(24,250)
Reduction between phases of the Student Information System	(735,000)
One-to-One Learning Initiative	(140,978)
One-time electrical distribution panel upgrades	(125,000)
Reduced printing and advertising services	(91,400)
Reduced Microcomputer Systems Specialist I (-1.0 FTE)	(57,753)
Eliminated Youth Reception Center/Covenant House	(50,000)
Reduce Sr. Administrative Clerk - Accounting (-1.0 FTE)	(49,523)
Reduce Sr. Administrative Clerk - Purchasing (1.0 FTE)	(46,505)
Reduced teacher/parent outreach home visits with the Native Community (AFACT) and other outreach programs	(35,000)
Eliminated Community Resources Administrative Assistant and added a five hour Secretary (net -.375 FTE)	(33,168)
Reduced commercial security services	(25,000)
Customer Service training for Districtwide personnel	(21,275)
EDIFY software maintenance/training, Emergency notification application maintenance, MGE/UPS systems, System monitoring software	(20,619)
Conversion of Asst. Director of Communications to Sr. Communications Specialist	(16,178)
Scanning support services	(15,320)
Total Administration/Support Services/Rentals, Community Resources Decreases:	<u>(1,486,969)</u>
Total Administration/Support Services/Rentals, Community Resources Changes:	<u>(354,383)</u>

ASD Education Center Consolidation Savings

Courier (-1.0 FTE)	(51,600)
Custodian (-1.0 FTE)	(40,800)
Total ASD Education Center Consolidation Savings:	(92,400)

Total Major Budgeted Expenditure Increases:	90,476,045
Total Major Budgeted Expenditure Reductions:	(17,545,851)
Net Change:	72,930,194
Rounding:	31,093

FY 2007-2008 PROPOSED BUDGET

\$ 546,393,934

These amounts reflect the reduction amount. To add staff back to the FY 2007-2008 Financial Plan, the amount would increase based on negotiated contract increases as well as payroll taxes and benefit rate increases.

* Adjustment made during First Reading 1/31/2007

** Adjustment made during Second Reading 2/08/2007

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

Ad 2007-35

(SEE REVERSE SIDE FOR FURTHER INFORMATION)

1	SUBJECT OF AGENDA DOCUMENT An ordinance determining and approving the total amount of the annual operating budget of the Anchorage School District for its fiscal year 2007-2008 and determining the appropriating the portion of the Assembly approved budget amount to be made from local sources.	DATE PREPARED Indicate Documents Attached <input checked="" type="checkbox"/> AO <input type="checkbox"/> AR <input checked="" type="checkbox"/> AM <input type="checkbox"/> AIM																																																																																														
2	DEPARTMENT NAME Chief Financial Officer	DIRECTOR'S NAME Janet Stokesbary, Chief Financial Officer																																																																																														
3	THE PERSON THE DOCUMENT WAS ACTUALLY PREPARED BY Janet Stokesbary, Chief Financial Officer	HIS/HER PHONE NUMBER 907-742-4369																																																																																														
4	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;">COORDINATED WITH AND REVIEWED BY</th> <th style="width: 20%;">INITIALS</th> <th style="width: 40%;">DATE</th> </tr> </thead> <tbody> <tr><td>Mayor</td><td></td><td></td></tr> <tr><td>Heritage Land Bank</td><td></td><td></td></tr> <tr><td>Merrill Field Airport</td><td></td><td></td></tr> <tr><td>Municipal Light & Power</td><td></td><td></td></tr> <tr><td>Port of Anchorage</td><td></td><td></td></tr> <tr><td>Solid Waste Services</td><td></td><td></td></tr> <tr><td>Water & Wastewater Utility</td><td></td><td></td></tr> <tr><td>Municipal Manager</td><td></td><td></td></tr> <tr><td>Cultural & Recreational Services</td><td></td><td></td></tr> <tr><td>Employee Relations</td><td></td><td></td></tr> <tr><td>Finance, Chief Fiscal Officer</td><td></td><td></td></tr> <tr><td>Fire</td><td></td><td></td></tr> <tr><td>Health & Human Services</td><td></td><td></td></tr> <tr><td>Office of Management and Budget</td><td></td><td></td></tr> <tr><td>Management Information Services</td><td></td><td></td></tr> <tr><td>Police</td><td></td><td></td></tr> <tr><td>Planning, Development & Public Works</td><td></td><td></td></tr> <tr><td>Development Services</td><td></td><td></td></tr> <tr><td>Facility Management</td><td></td><td></td></tr> <tr><td>Planning</td><td></td><td></td></tr> <tr><td>Project Management & Engineering</td><td></td><td></td></tr> <tr><td>Street Maintenance</td><td></td><td></td></tr> <tr><td>Traffic</td><td></td><td></td></tr> <tr><td>Public Transportation Department</td><td></td><td></td></tr> <tr><td>Purchasing</td><td></td><td></td></tr> <tr><td>Municipal Attorney</td><td></td><td></td></tr> <tr><td>Municipal Clerk</td><td></td><td></td></tr> <tr><td>Other: Anchorage School District</td><td></td><td></td></tr> <tr><td>Carol Comeau, Superintendent</td><td><i>Carol Comeau</i></td><td>3/2/07</td></tr> <tr><td>Janet Stokesbary, Chief Financial Officer</td><td><i>Janet Stokesbary</i></td><td>3/2/07</td></tr> </tbody> </table>	COORDINATED WITH AND REVIEWED BY	INITIALS	DATE	Mayor			Heritage Land Bank			Merrill Field Airport			Municipal Light & Power			Port of Anchorage			Solid Waste Services			Water & Wastewater Utility			Municipal Manager			Cultural & Recreational Services			Employee Relations			Finance, Chief Fiscal Officer			Fire			Health & Human Services			Office of Management and Budget			Management Information Services			Police			Planning, Development & Public Works			Development Services			Facility Management			Planning			Project Management & Engineering			Street Maintenance			Traffic			Public Transportation Department			Purchasing			Municipal Attorney			Municipal Clerk			Other: Anchorage School District			Carol Comeau, Superintendent	<i>Carol Comeau</i>	3/2/07	Janet Stokesbary, Chief Financial Officer	<i>Janet Stokesbary</i>	3/2/07	<div style="writing-mode: vertical-rl; transform: rotate(180deg);"> 2007 MAR -5 AM 10:30 CLERK'S OFFICE M.O.A. </div>	
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