

ANCHORAGE SCHOOL DISTRICT
ANCHORAGE, ALASKA

ASD MEMORANDUM #197 (2008-2009)

January 20, 2009

TO: SCHOOL BOARD

FROM: OFFICE OF THE SUPERINTENDENT

Carol Comeau

SUBJECT: FISCAL YEAR 2009-2010 PRELIMINARY FINANCIAL
PLANNING

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.

PERTINENT FACTS:

The accompanying budget document contains the Anchorage School District's FY 2009-2010 Preliminary Financial Plan. The total budget recommended is \$762,833,890. This includes individual fund budgets currently projected as follows:

	<u>FY 2009-2010 Financial Plan</u>
General Fund	\$598,467,232
Food Service Fund	16,259,000
Debt Service Fund	85,907,658
Local/State/Federal Grants Fund	<u>62,200,000</u>
Total – All Funds	<u>\$762,833,890</u>

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 2009-2010 budget projections reflect the district's on-going efforts to achieve this balance, maximize performance, and contain costs.

These projections for FY 2009-2010 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 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 necessitate 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 community members, parents, students, and staff resulted in change or elimination of existing programs or implementation of new ones. In spite of all the uncertainties the focus still remains on evaluating the need for additional staff, supplies, and other operating expenses. It may be determined that efficiencies can be achieved through better resource management or teaming with other agencies.

On November 3, 2008, a School Board FY 2009-2010 financial planning work session was held. The revenue projections were based on the Governor and Legislature's adjustments to the Alaska School Public Funding formula approved during the Twenty-fifth Legislative session. The adjustments to the Alaska School Public Funding formula include an increase to the base student allocation in FY 2009-2010 from \$5,480 to \$5,580, an increase in the intensive needs student population (Level III) funding level from 9 times to 11 times, and a provision for an annual Consumer Price Index (CPI) adjustment to pupil transportation funding. The use of 3.1 percent for the CPI, estimated at that time, meant an estimated increase from \$384 in the current year to \$396 for FY 2009-2010. This

amount is then multiplied by the school district's ADM, less the ADM for the district's correspondence programs to calculate the pupil transportation revenues.

The administration was also continuing to include in the projections the Teachers' Retirement System (TRS) and Public Employees' Retirement System (PERS) multi-employer cost-sharing plans. These plans provide the mechanism of allocating the annual payments made by the state on behalf of the district for the unfunded past service and current normal cost rates in excess of levels specified in statute of 12.56 percent for TRS and 22.00 percent for PERS. The projections presented assumed the rate decreases to TRS and PERS adopted by the Alaska Retirement Management Board (ARMB) for 2010. The TRS rate decreased from the current FY 2008-2009 rate of 44.17 percent to 39.53 percent; and for PERS from the current rate of 35.22 percent to 27.65 percent.

At that time using the approved adjustments made in the Alaska School Funding formula, the district faced a \$7.5 million fiscal gap for FY 2009-2010. 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.

Guidance was given that directed the administration to build the FY 2009-2010 Financial Plan in accordance with the financial projections set forth at that time using approved adjustments to the Alaska School Public Funding formula. In addition, 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 2009-2010 projected budget after honoring the required amount agreed to with the Municipality of Anchorage for bond rating purposes.

On November 13, 2008, the School Board authorized the superintendent to prepare the Anchorage School District's FY 2009-2010 Preliminary Financial Plan. With direction from the School Board at the work session on November 3, 2008 to proceed with the use of a \$3.9 million portion of the undesignated fund balance, to help eliminate the fiscal gap, a \$3.4 million fiscal gap still remained.

During the past two months as the administration proceeded forward in preparing a FY 2009-2010 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. Assessment of workload and reorganization within departments to improve efficiencies were made. And as late as January 16, 2009 updated and new information was

incorporated. The U.S. Department of Labor released on its website that the CPI for Anchorage is 4.6 percent allowing at this time for \$2.7 million of additional local tax revenues to close the still pending fiscal gap.

After a great deal of review, consideration and discussion, the superintendent is presenting to the School Board a balanced FY 2009-2010 Preliminary Financial Plan totaling \$762,833,980. Expenditures have been brought into balance with revenues. Some reductions were made as a result of efficiencies through better resource management; some were made due to one-time expenditures in the current year, all of which kept in mind the Six-Year Instructional Plan and School Board Goals. As the administration presents the budget to the School Board on January 20 and 21, adjustments, enhancements, and realignments will be identified.

Student enrollment, revenues, and expenditures are projected on a preliminary basis. The following sections on Student Enrollment Projections, General Fund Revenues and Expenditures, and Other Funds summarize the principal financial planning factors involved in preparing these initial FY 2009-2010 projections. Major revenue and expenditure considerations and budget development criteria are also included.

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, weighing half-day kindergarten at one-half and preschool students at one-half, one-quarter or three-quarters FTE, which is consistent with their programs.

In order to project student enrollment, district staff works closely with the municipality in utilizing the Municipality's Geographic Information System. The following schedule summarizes the actual and projected student enrollment information for FY 2006-2007 through FY 2009-2010 on both a full count and FTE basis.

	Actuals 2006-2007 <u>9/30/06</u>	Actuals 2007-2008 <u>9/30/07</u>	Actuals 2008-2009 <u>9/30/08</u>	Projected 2009-2010 <u>9/30/09</u>
Total Number	49,068	48,457	48,440	48,548
Change over previous year	(521)	(611)	(17)	108
FTE (Full-Time Equivalent)	48,816	48,211	48,169	48,280

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.

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. The School Board and the administration greatly appreciate the Governor's and Legislature's early actions to approve forward funding for education and to increase K-12 education funding. Support for higher fuel costs, utility rates, insurance and other expenses affected by inflation, and funding to assist with meeting adequate yearly progress as defined by state and federal regulations requires legislative recognition and action. During this upcoming legislative session, the district will continue to advocate for all students in our communities. Early passage of additional educational funding will ensure solid education programs continue.

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 formula 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. 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. **An increase to the assessed valuation reduces the potential amount of Public School Funding revenue.** The Alaska Department of Community and Economic Development notified the district that the assessed valuation for Anchorage has increased from \$33.080 billion to \$34.912 billion.

This program is expected to provide approximately 55.8 percent of the district's General Fund revenues excluding the TRS and PERS projected \$66.5 million annual payment by the state on behalf of the district for the unfunded past service liability in excess of levels specified in statute.

Based on current enrollment projections, the estimated amount of funding from the Alaska Public School Funding Program for FY 2009-2010 is \$297.031 million, which is \$16.279 million more than current FY 2008-2009 budget. The following factors contribute to the \$16.279 million increase:

- \$100 increase to the Base Student Allocation (BSA) from \$5,480 to \$5,580 \$ 6.983 million
 - Increase special education intensive factor from nine times to eleven times (including \$100 BSA increase) for the intensive needs student population (Level III) of 809 7.873 million
 - Enrollment increase including Quality Schools (47,944 to 48,548) 5.459 million
 - Increase from \$33.080 billion to \$34.912 billion in state assessed valuation (3.663) million
 - Federal Impact Aid (.373) million
- Alaska Public School Funding Increase \$16.279 million

Local Property Taxes—The local property tax contribution is the district's second largest General Fund revenue source. **Projected local property tax revenue for FY 2009-2010 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 \$1.9 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 initial projected inflation rate used for planning purposes was 3.1 percent. However, the U.S. Department of Labor recently released on its website that the CPI for Anchorage is 4.6 percent. Due to the timing and holiday weekend the district was not able to confirm with the Municipality to see if they were making an adjustment to their budget. The district did confirm however with the Alaska Department of Labor on January 16, 2009 that the official CPI rate for Anchorage is 4.6 percent. The CPI used in the attached planning document therefore is 4.6 percent, up from the preliminary estimate of 3.1 percent. This adjustment factor used in the tax cap calculation provides for an additional \$2.7 million. As determined by the State Department of Commerce, Community and Economic Development, the five-year Anchorage municipal population change

used for planning purposes is 1.1 percent, with the official percentage growth not available until later in January. The projected combined rate of 5.7 percent for FY 2009-2010 is 2.3 percent more than the current rate of 3.40 percent for FY 2008-2009.

Included in the revenue projections are voter-approved taxes associated with the operation and maintenance costs for the re-opening of Clark Middle School.

Approximately \$13.4 million of increased taxes is available in the General Fund at this time; final numbers may not be available until April when increased taxes allowed on new construction or property improvement—will become finalized. 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 \$13.0 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 for whom the state has direct responsibility—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. We also do not know if the district will receive prior year adjustment payments during FY 2009-2010.

Federal Impact Aid is subject to annual Congressional appropriation and other uncertainties and will be monitored.

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 a portion of the unreserved undesignated fund balance 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.

With approval of ASD Memorandum #16 Fiscal Year 2009-2010 Financial Planning, dated November 10, 2008, the School Board gave the Administration authorization to use of \$3.9 million of undesignated fund balance. The use of \$3.9 million of fund balance is being used in the General Fund as a revenue source to support one-time expenditures. The School Board recommended that the fund balance not be used for on-going expenses so that if the district needed to scale back or stop funding the program, it would not feel like there was a program cut or elimination.

Based on the General Fund undesignated fund balance as of June 30, 2008, using \$3.9 million of fund balance will provide an undesignated fund balance of 3.42 percent of the FY 2009-2010 projected budget. In addition, the district has designated the amount to uphold 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 revenues from local tax appropriations to enhance the municipality's bond rating.

Pupil Transportation Reimbursement—The preliminary FY 2009-2010 revenue projection for Pupil Transportation is based on the provision under HB 273 that allows an annual CPI adjustment to pupil transportation funding for FY 2009-2010. The use of 4.6 percent for the CPI (as confirmed by Alaska Department of Labor) means an estimated increase from \$384 in the current year to \$402 for FY 2009-2010. This amount is then used to multiply the school district's ADM, less the ADM for the district's correspondence programs to calculate the pupil transportation revenues. The CPI provision allows for approximately \$850,000 more in pupil transportation revenues.

User Charges and Fees— Fees will 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 recovery course training fees, and rental fees.

Due to the concerns by community members using the fields and neighborhood families, the administration recommends contracting services for portable sanitary facilities at all school sites where outside field areas are rented. The addition of portable facilities will be of great benefit to user groups who rent our outside spaces. These facilities will be available to all ASD user groups and community members during the months of May through September. In order to recover the cost of this service, the administration proposes to increase facility rental fees for FY 2009-2010. The increase in the fee structure will span all user categories and space types; however the primary focus of the increase will be to space types relating to outdoor areas. The administration is working on updating the rate structure with the emphasis on generating revenues of \$60,000 to offset

the expense of contracting services for the portable sanitary facilities. The administration will bring forward an updated recommended rental rate structure once the final analysis has been completed.

The rates in this memorandum are those in place for FY 2008-2009 and are as follows:

Summer School	\$85 per course (Elementary and Middle)
Summer School	\$90 per course (High School)
Music Instrument Usage Fee	\$40 per instrument
Credit Recovery Course Fee	\$85 per course
Middle Level Activity Fees	\$80 per activity
High School Activity Fees	\$160 per activity
High School Parking Fees	\$50 per semester
Family Cap for Activity Fees	\$330
Facility Rental Fees	\$635,000 includes portable sanitary facilities

E-Rate—The district has not yet received the funding commitment letter from the Universal Service Administrative Company (USAC) for FY 2008-2009; 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 materially alter FY 2009-2010 revenue projections from those of FY 2008-2009. 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 interested community members, staff, students, and the Administration were 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 over 87 percent of the operating cost of the district. The projections include consideration for contract negotiations for ACE (Anchorage Council of Education), TOTEM (Association of Educational Support Personnel), Local 959 (Bus Drivers and Attendants) and Exempt personnel. Compensation provisions for completed contracts and payroll tax adjustments known at this time are also included in the expenditure projections. The on-behalf payments by the state

and the district's contribution for mandatory certificated retirement and classified retirement have been included.

Staffing—Staffing requirements have been adjusted based on the official projections set forth for September 30, 2009. Official projections are based on actual enrollment as of September 30, 2008.

Certificated Teaching Positions—Budgeted teaching staff is based on the FY 2008-2009 PTR (pupil to classroom teacher staff ratios). Adjustments have been included for staffing based on enrollment changes, program realignment, and for staff requirements based on rural-urban transitioning. Over 90 languages, other than English, are spoken in the Anchorage schools; further adjustments have been made to meet the challenges arising from this language diversity.

Kindergarten (FTE)	20.50 to 1
Grade 1	21.00 to 1
Grades 2-3	24.00 to 1
Grades 4-6	27.00 to 1
Grades 7-8	25.54 to 1
Grades 9-12	27.08 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 of charging the Food Service Fund using the state-approved indirect cost rate. This practice 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 2009 the district will be appraised of the approved indirect cost rate for FY 2009-2010.

Contracted Services—Where appropriate, an inflationary or vendor rate adjustment to contracts has been incorporated. Very close reviews of actual contracted services determine if inflationary or vendor increases are warranted. If other known rate increases are warranted, they were included in the budget. What is more challenging for the future is the unpredictability of energy costs which can somewhat be attributable to the fluctuation of oil prices. 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 2008-2009, following review of actual projected expenditures for this year, approximately 5 percent to 15 percent increases for the utilities are projected over the current year utility budgets.

Pupil Transportation—Expenditures for contracted pupil transportation routes for FY 2009-2010 include an estimated increase based on COLA of 4.6 percent as provided in the contract. At this time there are no anticipated route increases. The COLA adjustment also has an impact on cost of trips pertaining to student activities.

Major Maintenance Projects/Maintenance Department—The administration recommended mended maintaining the funding level for district major maintenance projects of \$2.483 million to support more than 95 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. However due to the projected revenue shortfall, departments were asked to review areas that could be reduced with minimal impact. After this review it was determined that the major maintenance area could be reduced by \$50,000 for a new funding level at \$2.433 million with minimal impact on district facilities.

In addition, the district has approximately \$20.6 million in the Maintenance Department that provides leadership and supervision over district wide electrical, building, heat and ventilation, and grounds operations. This department is very pro-active in continuing our state-approved preventative maintenance program.

Supplies—Departments may show an adjustment in supplies based on departmental need to service the total district program requirements (i.e., maintenance/vehicle repair parts and postage). The fuel account has been reduced based on current information; however, the fuel account will be monitored to ensure adequate funding is in place to meet district requirements during the various upcoming stages of the budget development process between January and June 2009.

The current projections include a 4 percent inflationary increase to the per pupil allocation for school supplies and equipment. Even with this 4 percent increase over the current year, the allocation is still less than the allocation for FY 1999-2000. In addition, the FY 2009-2010 supply and equipment allocation for Clark Middle School is four times the regular rate of existing middle schools to help offset some of the extra expenditures of re-opening a school.

Equipment—The FY 2009-2010 Preliminary Financial Plan includes \$4.9 million to continue the process of technology/computer replacement across the district. The computer replacement is supported by \$3.9 million of the fund balance in these projections and \$1.0 million being available in lieu of lease/purchase computer payments which are fully paid; however, it is recommended being a standard budgetary item from year to year. Other replacement equipment

purchases between \$5,000 and \$50,000 will be purchased from the Equipment Replacement Fund.

New School—Included in the expenditure projections are costs associated with the operation and maintenance costs for re-opening Clark Middle School.

OTHER FUNDS

Food Service Fund— This fund is used to budget and account for operations of the Student Nutrition Program. The budget for this fund covers both the direct and indirect cost of providing meals to students. These costs include all payroll costs, including 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 FY 2009-2010 budget has been decreased from \$16,567,000 to \$16,259,000 or 1.86 percent less as compared to FY 2008-2009. The reduction in the PERS rate for FY 2009-2010 approved by ARMB is the primary reason for the decrease in the total budget.

The revenue sources for the Food Service Fund budget include revenue from meal sales and federal reimbursement for meals served. These projections also continue with the State's annual PERS payment on behalf of the district.

The use of undesignated fund balance is not recommended to support the FY 2009-2010 Food Service Budget as presented in this memorandum. **These projections do not reflect any increase in elementary, middle, and high school breakfast and lunch full price meals.** It is projected that no local tax support will be required for the Food Service Fund in FY 2009-2010. As more analysis and information becomes available, the administration will make adjustments and refinements during the various upcoming stages of the budget development process between January and June 2009.

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. Sales related to authorized unissued bonds, or future bond propositions for April 2009, 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 these grants for FY 2009-2010 may increase approximately \$6.49 million based on discussion with grant writers and current year grant awards. In addition, the projections include the State PERS/TRS reimbursement on behalf of the district. Ongoing monitoring of these grants will help determine if adjustments should be made during the upcoming stages of the budget development process between January and June 2009.

FISCAL YEAR BUDGET COMPARISON

The following schedule compares by fund the FY 2009-2010 projected revenues/expenditures with those currently approved for FY 2008-2009. At this time, unknowns still remain such as contract negotiations and mandated services that may require additional funding.

REVENUE/EXPENDITURE BUDGETS

	Revised Budget <u>FY 2008-2009</u>	Preliminary Budget <u>FY 2009-2010</u>	% Over /(Under) <u>Prior Year</u>
General	\$580,915,706	\$598,467,232	3.02%
Food Service	16,567,000	16,259,000	(1.86)%
Debt Service	84,326,284	85,907,658	1.88%
Local/State/Federal Grants	<u>55,710,000</u>	<u>62,200,000</u>	11.65%
All Funds	<u>\$737,518,990</u>	<u>\$762,833,890</u>	3.43%

TAXES

	Revised <u>FY 2008-2009</u>	Preliminary Budget <u>FY 2009-2010</u>	<u>Increase</u>
General Fund	\$178,556,242	\$191,913,748	\$13,357,506
Debt Service	<u>39,415,466</u>	<u>41,033,834</u>	<u>1,618,368</u>
All Funds	<u>\$217,971,708</u>	<u>\$232,947,582</u>	<u>\$14,975,874</u>

STUDENT ENROLLMENT PROJECTIONS

	FY 2008-2009 Actuals <u>Sept. 30, 2008</u>	FY 2009-2010 Projected <u>Sept. 30, 2009</u>	Change Over Prior <u>Year's Actual</u>
Enrollment	48,440	48,548	108
Full Time Equivalent (FTE)	48,169	48,280	111

In preparing the FY 2009-2010 Preliminary Financial Plan, many budget development uncertainties face the district.

- Legislative action
- School Board areas of interest
- Projected enrollment
- Contract negotiations for Local 959 (Bus Drivers and Attendants), ACE (Anchorage Council of Education), TOTEM (Association of Educational Support Personnel) and consideration for Exempt
- PreK-12 graduation/dropout reduction plan
- Rate increase notifications from outside agencies
- ESEA-No Child Left Behind requirements
- Further evaluation of current/new fees
- Six-Year Instructional Plan
- Assessment/Testing Impact
- Deployment of military personnel and the relocation of their families
- 5-year average population growth used for local tax limitation not finalized
- New construction amount used for the local tax limitation and the assessed valuation used in setting the mill levy will not finalized until March/April 2009
- Federal Impact Aid subject to annual appropriation
- Continuation of purchasing co-op with municipality
- Housing for charter schools
- Fluctuation of oil prices

SUMMARY

Our assumptions in preparing these initial FY 2009-2010 projections are based on, but not limited to, the following criteria:

- Alaska Public School Funding Program—BSA from \$5,480 to \$5,580, increase in the special education intensive needs factor from nine times to eleven times
- Quality Schools Grant—no increase to per pupil amount of \$16
- Pupil transportation funding to include CPI adjustment – \$384 to \$402
- State reimbursement funding for the ARMB approved percentage rates to the Certificated (between 12.56% and 39.53%) and Classified (between 22% and 27.65%) Retirement Systems
- Balanced budget for presentation to the Anchorage Assembly—expenditures equal revenues

- Local Property Taxes—full amount available under the property tax limitation
- Use of Fund Balance as a revenue source—using \$3.90 million of undesignated fund balance will bring the undesignated fund balance to 3.42 percent
- Potential adoption or expansion of programs must be funded within existing resources

Attachment

CC/JS/MSL

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

