

ANCHORAGE SCHOOL DISTRICT
ANCHORAGE, ALASKA

ASD MEMORANDUM #198 (2008-2009)

January 29, 2009

TO: SCHOOL BOARD

FROM: OFFICE OF THE SUPERINTENDENT

SUBJECT: FY 2009-2010 PROPOSED FINANCIAL PLAN (First 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 2009-2010 Proposed Financial Plan as set forth in the projected revenue and expenditure schedules in the memorandum (Attachments A and B). The total budget recommendation 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 total of local tax contribution to be requested is \$232,947,582.

It is further recommended that the School Board authorize the Superintendent to adjust the budget expenditure ceiling and the tax amount in accordance with

any adjustment to changes in charter schools, enrollment adjustments, and voter approval of the April 2009 ballot propositions.

PERTINENT FACTS:

UPDATED INFORMATION

As mentioned during the Superintendent's presentation during the School Board work session on January 20, 2009, the U.S. Department of Labor, Bureau of Labor Statistics announced the official 2008 Consumer Price Index (CPI) for Anchorage, a major component in the local property tax cap calculation. The updated rate of 4.6 percent was more than the 3.1 percent that was used in the preliminary projections. The new CPI allowed an additional \$2.7 million under the local property tax cap calculation formula, reducing the amount of expenditure reductions necessary to bring the expenditures in balance with the revenues. However, the local property tax cap calculation has not been finalized. The official five-year average population change and the new construction property improvement amount, two other components in the property tax cap calculation formula, have not been finalized and may change as the budgetary process continues. In addition there are still other various unknown factors that may impact the ASD FY 2009-2010 Financial Plan. **They include as mentioned above the finalization of the tax cap calculation, the ongoing education funding discussions by the Legislature and interested parties, and the outcome of the economic stimulus package that may have an impact on the district, or any mandated expenditures brought to our attention such as the English Language Proficiency Assessment Scoring (ELPA) which cannot be charged to the Title I grant as in the past. Until these unknown factors are finalized it is recommended that the School Board not make any expenditure adjustments at this time. As updated information is provided, it will be included in the FY 2009-2010 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 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 for 2008 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 presented to the School Board a balanced FY 2009-2010 Preliminary Financial Plan totaling \$762,833,980. Expenditures were 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, some were made to bring the expenditures in balance with revenues, all of which kept in mind the Six-Year Instructional Plan and School Board Goals.

The administration presented the FY 2009-2010 Preliminary Financial Plan to the School Board on January 20 and 21, 2009. The Superintendent gave a general overview and then each administrator presented his/her budget identifying any major changes, including program realignments. In addition, each administrator reviewed their program enhancements and indicated which enhancement was their number one priority.

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	Actuals	Actuals	Projected
2006-2007	2007-2008	2008-2009	2009-2010
<u>9/30/06</u>	<u>9/30/07</u>	<u>9/30/08</u>	<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 the 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	<u>(.373) million</u>
Alaska Public School Funding Increase	<u>\$16.279 million</u>

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 U.S. Department of Labor released that the CPI for Anchorage is 4.6 percent, with confirmation by the Alaska Department of Labor. This rate is being used by District and will be used by the Municipality of Anchorage in the property tax limitation calculation. The CPI used in the attached planning document therefore is 4.6 percent, up from the preliminary estimate of 3.1 percent. 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 the budgetary process. 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 courses, 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 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.

The following are some of the major increases and decreases in the FY 2009-2010 Proposed Financial. A more detailed listing of revenues and expenditures can be found on Attachment B.

The following are the major expenditure increases:

Native Education Program—\$394,843 In December 2008, the School Board added the Native Education program in the General Fund. With the additional immigration and mobility created by the current economic situation, the needs of these students and their families continue to grow. The program which includes 10 tutors (8.75 FTE) to serve 20 schools is being carried forward.

Re-opening Clark Middle School—\$1,495,000 Included in the expenditure projections are costs associated with the operation and maintenance costs for re-opening Clark Middle School. This includes custodial, maintenance, technology, and special services' staff; utilities, insurance and supplies. (13.0 FTE)

Staffing/Supplies/Equipment Increases due to Higher Enrollment - \$5,028,200 Staffing and supply/equipment allocation increases at the Elementary and Middle Level due to increased enrollment. (71.788 FTE)

Other major expenditure increases:

- Assessment & Evaluation Data Coordinator (1.0 FTE) - \$99,300
- Curriculum & Instructional Support Health/PE Support Teacher (1.0 FTE)- \$81,350
- High School Education Nine Star Program (1.0 FTE) - \$85,277
- Contracted activity/ field trips high school level - \$142,625
- Charter School Supervisor increase from .49 FTE to 1.0 FTE - \$57,406
- Elementary Education Counselor (1.0 FTE) - \$85,277
- World Language Teacher for Girdwood (.6 FTE) - \$51,166
- Previously settled employee contracts - \$17,400,500
- Technology refresh - \$4,954,800
- Pending negotiations - \$3,200,000
- Utilities - \$1,154,000
- Property Insurance - \$185,000
- Recruitment Incentive - \$225,682
- Technology licenses and software - \$312,000

- Oil, grease, lube, tires and garage supplies - \$190,850
- Contracted transportation - \$138,500
- Legal fees - \$100,000
- Portable sanitary facilities - \$60,000
- Bus attendants and extra help (.875 FTE) - \$60,675

The following are some of the major expenditure reductions:

Staffing/Supplies/Equipment Reductions due to Lower Enrollment - \$632,939

Staffing and supply/equipment allocation reductions at the High School Level due to declining enrollment (7.0 FTE)

Elementary Level - \$355,000 Reading, writing, math academic improvement, creating successful futures, training for culturally responsive schools, positive school wide discipline and the foster grandparent program

Middle Level - \$261,000 Summer school enrichment, learning intervention and remediation, building initiatives, math training and writing program, curriculum development, database, software, web-based resources and support, internet safety, six-year plan goals

High School Level - \$383,850 Summer school, HSGQE remediation, computer equipment, supplies, student activity funds, and hearing officers

Other major expenditure reductions:

- Incremental TRS & PERS rate decrease - \$12,411,500
- Five-year computer lease/purchase contract fully paid off - \$1,054,800
- Student Information System (Zangle) - \$685,000
- Workers' Compensation rate decrease - \$625,600
- 403(b) program compliance consultation fees - \$125,000
- Sign language interpreters (ASSDHH) - \$120,000
- Fuel - \$366,600
- Administration - Extra help and added duty - \$132,500
- Legislative lobbying - \$15,000

Reduction of one-time FY 2008-2009 expenditures are as follows:

- Middle Level language arts materials acquisition/adoption - \$500,000

- Wireless Phase I for four high schools - \$247,300
- Equipment for the 1:1 high access project - \$200,000
- Training for Everyday Math - \$140,200
- 1:1 Laptop Initiative at Wendler (supplies and equipment) - \$105,000
- PE equipment for classes and computer equipment- \$100,000
- Content Management System - \$70,000
- Music supplies, equipment and repair - \$86,000
- Sea Train - \$35,000

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>	Proposed 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>	Proposed 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 Financial Plan, many budget development uncertainties face the district.

- Legislative action
- Economic stimulus package
- 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 be finalized until March/April 2009
- Federal Impact Aid subject to annual appropriation
- Housing for charter schools
- Fluctuation of oil prices

SUMMARY

Our assumptions in preparing the FY 2009-2010 Proposed Financial Plan 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 percent and 39.53 percent) and Classified (between 22 percent and 27.65 percent) 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

Attachments

CC/JS/MSL

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

Anchorage School District
Fiscal Year 2009-2010

PROJECTED REVENUES AND EXPENDITURES SUMMARY
First Reading

Fund	Revenues and Fund Balance				2009-2010 Revenue/Source Projections	2009-2010 Expenditure Projections
	Taxes	Local	Other	State		
General	\$ 191,913,748	\$ 9,706,000	\$ 383,067,484	\$ 13,780,000	\$ 598,467,232	\$ 598,467,232
Food Service			5,607,803	300,000	10,351,197	16,259,000
Debt Service	41,033,834		44,873,824		85,907,658	85,907,658
	<u>232,947,582</u>	<u>15,313,803</u>	<u>428,241,308</u>	<u>24,131,197</u>	<u>700,633,890</u>	<u>700,633,890</u>
Local, State and Federal Grants		<u>1,000,000</u>	<u>8,200,000</u>	<u>53,000,000</u>	<u>62,200,000</u>	<u>62,200,000</u>
TOTAL	\$ <u>232,947,582</u>	\$ <u>16,313,803</u>	\$ <u>436,441,308</u>	\$ <u>77,131,197</u>	\$ <u>762,833,890</u>	\$ <u>762,833,890</u>
Percentage of Revenue Sources to Total Revenue Projections	30.54%	2.14%	57.21%	10.11%	100.00%	

Computation of Total Taxes
for Calendar Year 2009

		General Fund	Debt Service Fund
Amount required to fund second half of Adopted FY 2008-2009 Budget: January 1, 2009/June 30, 2009	\$217,971,708 x 50% =	89,278,121	19,707,733
Amount required to fund first half of Adopted FY 2009-2010 Budget: July 1, 2009/December 31, 2009	\$232,947,582 x 50% =	\$ 95,956,874	\$ 20,516,917
TOTAL Taxes for Calendar Year 2009		\$ <u>185,234,995</u>	\$ <u>40,224,650</u>
Total Taxes for Calendar Year 2009			
1) <u>Total Taxes 2009</u> \$ <u>225,459,645</u>	=7.12 mills	\$ 185,234,995	\$ 40,224,650
Assessed Valuation: \$ <u>\$31,652,617,659</u>		\$ 31,652,617,659	\$ 31,652,617,659
		<u>5.85 mills</u>	<u>1.27 mills</u>

1) The preliminary 2009 mill rate is based on a assessed valuation provided by the Municipality of Anchorage Office of Management and Budget. (January 2009) The final assessed valuation will not be available until April 2009.

Anchorage School District
REVENUE and FUND BALANCE SUMMARY BY FUND AND SOURCE

	FY 2007-2008 Audited Actual	FY 2007-2008 Revised 7/1/2007	FY 2007-2008 6/24/2008	2008-2009 Projections	2009-2010 Projections	2009-2010 Inc/(Dec) over FY 2008-2009 Revised Budget
General Fund						
Local Revenue /Fund Balance						
Local Taxes	\$ 169,197,819	\$ 169,197,819	\$ 169,197,819	\$ 178,556,242	\$ 191,913,748	\$ 13,357,506
Interest	4,115,914	2,235,000	2,235,000	3,800,000	2,215,000	(1,585,000)
Other Local	4,820,546	3,887,125	3,887,125	3,479,500	3,591,000	111,500
Fund Balance				3,959,000	3,900,000	(59,000)
	<u>178,134,279</u>	<u>175,319,944</u>	<u>175,319,944</u>	<u>189,794,742</u>	<u>201,619,748</u>	<u>11,825,006</u>
State Revenue						
Alaska Public School Funding Program	264,718,682	266,023,500	266,023,500	280,751,745	297,031,000	16,279,255
School Improvement Grant	7,890,604	7,890,604	7,890,604			
Pupil Transportation	16,877,496	17,064,000	17,064,000	18,005,000	19,081,000	1,076,000
Fund Transfer to Debt Service	(167,000)	(167,000)	(167,000)	(167,000)		167,000
Fund Transfer to Internal Service	(600,000)					-
TRS/PERS Employer Relief	88,473,209	65,389,421	88,699,138	78,947,735	66,547,000	(12,400,735)
Energy Relief Funding	6,656,602		6,656,602			
Supplemental State Funding	946,771	942,042	942,042	408,484	408,484	-
	<u>384,796,364</u>	<u>357,142,567</u>	<u>387,108,886</u>	<u>377,945,964</u>	<u>383,067,484</u>	<u>5,121,520</u>
Federal Revenue						
Federal Impact Aid	13,668,868	12,000,000	12,000,000	12,500,000	13,000,000	500,000
Medicaid Reimbursement	1,317,328	1,000,000	1,000,000			-
R.O.T.C.	695,831	700,000	700,000	675,000	780,000	105,000
	<u>15,682,027</u>	<u>13,700,000</u>	<u>13,700,000</u>	<u>13,175,000</u>	<u>13,780,000</u>	<u>605,000</u>
Total General Fund	578,612,670	546,162,511	576,128,830	580,915,706	598,467,232	17,551,526
Food Service Fund						
Sales	5,105,780	6,170,291	6,170,291	5,382,290	5,607,803	225,513
Fund Balance		193,160	193,160	400,000		(400,000)
PERS Employer Relief	511,603	822,000	483,722	720,000	300,000	(420,000)
Federal Reimbursement	9,629,018	9,136,549	9,136,549	10,064,710	10,351,197	286,487
	<u>15,246,401</u>	<u>16,322,000</u>	<u>15,983,722</u>	<u>16,567,000</u>	<u>16,259,000</u>	<u>(308,000)</u>
Debt Service Fund						
Local Revenue /Fund Balance						
Local Taxes	37,162,042	37,162,042	37,162,042	39,415,466	41,033,834	1,618,368
Interest	2,140					
Fund Balance	2,432,339	2,611,919	2,161,919	1,000,000		(1,000,000)
Other Financing Sources	6,003					
Fund Transfer	167,000	167,000	167,000	167,000		(167,000)
	<u>39,769,524</u>	<u>39,940,961</u>	<u>39,490,961</u>	<u>40,582,466</u>	<u>41,033,834</u>	<u>451,368</u>
State Sources						
Debt Service	40,206,933	40,494,778	40,494,778	43,743,818	44,873,824	1,130,006
	<u>40,206,933</u>	<u>40,494,778</u>	<u>40,494,778</u>	<u>43,743,818</u>	<u>44,873,824</u>	<u>1,130,006</u>
Total Debt Service	79,976,457	80,435,739	79,985,739	84,326,284	85,907,658	1,581,374
Local/State/Federal Grants						
Local Grants	990,344	551,700	551,700	778,720	999,685	220,965
State Grants	1,532,773	1,987,300	3,581,700	1,518,000	1,598,719	80,719
Federal Grants	36,458,965	47,461,000	47,461,000	48,503,280	53,801,596	5,298,316
TRS/PERS Employer Relief	6,308,744	5,735,000	4,033,686	4,910,000	5,800,000	890,000
	<u>45,290,826</u>	<u>55,735,000</u>	<u>55,628,086</u>	<u>55,710,000</u>	<u>62,200,000</u>	<u>6,490,000</u>
Total Local/State/Federal Grants	45,290,826	55,735,000	55,628,086	55,710,000	62,200,000	6,490,000
Total Revenues	\$ 719,126,354	\$ 698,655,250	\$ 727,726,377	\$ 737,518,990	\$ 762,833,890	\$ 25,314,900
Total Expenditures	\$ 719,126,354	\$ 698,655,250	\$ 727,726,377	\$ 737,518,990	\$ 762,833,890	\$ 25,314,900
Total Taxes – Fiscal Year	\$ 206,359,861	\$ 206,359,861	\$ 206,359,861	\$ 217,971,708	\$ 232,947,582	\$ 14,975,874

FY 2009-2010 continues to include the estimated State retirement system employer relief funding for certificated (26.97%) and classified (5.65%) retirement.

The base student allocation of \$5,580, increase in the special education intensive factor from nine to eleven times and the continuation of the recalibration of the pupil transportation funding recommended by Joint Legislative Education Task Force (JLETF) was used for FY 2009-2010.

Anchorage School District
Fiscal Year 2009-2010

SUMMARY OF GENERAL FUND REVENUES

	FY 2007-2008 Audited Actual		FY 2007-2008 Revised 6/24/2008		FY 2008-2009 Revised		FY 2009-2010 Projections	
		Percent		Percent		Percent		Percent
Local Sources								
Local Property Taxes	\$ 169,197,819	29.30%	\$ 169,197,819	29.37%	\$ 178,556,242	30.74%	\$ 191,913,748	32.07%
Other Local	8,936,460	1.55%	6,122,125	1.06%	7,279,500	1.25%	6,091,000	1.02%
Fund Balance					3,959,000	0.68%	3,900,000	0.65%
State Sources (A)	385,563,364	66.77%	387,275,886	67.22%	378,112,964	65.09%	382,782,484	63.96%
Fund Transfer to Debt Service (B)	(167,000)	(0.03%)	(167,000)	(0.03%)	(167,000)	(0.03%)		
Fund Transfer to Internal Service (C)	(600,000)	(0.10%)						
Fund Transfer to Food Service (D)	(1,125,000)	(0.19%)						
Federal Sources	<u>15,682,027</u>	<u>2.72%</u>	<u>13,700,000</u>	<u>2.38%</u>	<u>13,175,000</u>	<u>2.27%</u>	<u>13,780,000</u>	<u>2.30%</u>
TOTAL	<u>\$ 577,487,670</u>	<u>100.00%</u>	<u>\$ 576,128,830</u>	<u>100.00%</u>	<u>\$ 580,915,706</u>	<u>100.00%</u>	<u>\$ 598,467,232</u>	<u>100.00%</u>

(A) FY 2007-2008 includes energy relief and State retirement system employer relief funds approved by the Legislature and Governor in April, 2008. FY 2008-2009 and FY 2009-2010 includes projected State retirement system employer relief funding.

(B) A fund transfer to the Debt Service Fund from Pupil Transportation revenues was made to meet the obligation of paying for 20 buses funded by the April 2002 and April 2003 bonds

(C) A fund transfer to the Internal Service Fund from the General Fund was made to supplement the needs for equipment replacement.

(D) A fund transfer to the Food Service Fund from the General Fund was made to supplement the needs for increased fuel and food supply costs and a revenue shortfall partially due to the closure of Clark Middle School and menu changes to healthy foods.

Anchorage School District
Fiscal Year 2009-2010

SCHEDULE OF GENERAL FUND REVENUES FROM LOCAL SOURCES/FUND BALANCE

Local Sources	FY 2007-2008	FY 2007-2008	FY 2008-2009	FY 2009-2010
	Audited Actual			
Municipality of Anchorage Appropriation of Taxes	\$ 169,197,819	\$ 169,197,819	\$ 178,556,242	\$ 191,913,748
Other Local				
Career Center Instructional Projects	62,319	81,000	76,000	71,000
Facilities Rentals (A)	849,453	652,000	629,000	635,000
Nonresident Tuition	42,847	1,000	2,500	15,000
Credit Recovery Fees (B)	48,911	10,000	10,000	50,000
Summer School - Elementary (C)	24,281	33,000	26,500	25,000
Summer School -Special Education (C)		1,500		
Summer School - Middle Level (C)	37,457	43,000	40,000	39,500
Summer School - Secondary (D)	254,796	220,000	265,000	250,000
Musical Instrument Usage Fee (E)	23,516	26,600	25,000	25,000
Middle School Activity Fees (F)	230,388	225,000	232,000	235,000
High School Activity Fees (G)	708,856	1,042,525	750,000	715,000
High School Parking Fees (H)	203,461	215,000	197,000	199,000
Other Fees (Training Fees, Documents) (I)	137,440	81,500	81,500	85,000
Property Sales, Insurance Proceeds, and Miscellaneous	203,785	355,000	245,000	246,500
Interest Earnings	4,115,914	2,235,000	3,800,000	2,215,000
E-rate (J)	2,044,567	900,000	900,000	1,000,000
Fund Balance			3,959,000	3,900,000
	<u>8,987,991</u>	<u>6,122,125</u>	<u>11,238,500</u>	<u>9,706,000</u>
TOTAL	<u>\$ 178,185,810</u>	<u>\$ 175,319,944</u>	<u>\$ 189,794,742</u>	<u>\$ 201,619,748</u>

(A) Facilities Rentals-projections reflect reduction of one-time usage

(B) Credit Recovery Course Fee - \$85/course

(C) Summer School - \$85 with continuation in FY 2009-2010

(D) Summer School - \$90 with continuation in FY 2009-2010

(E) Musical Instrument Usage Fee - \$40 with continuation in FY 2009-2010

(F) Middle Level Activity Fees - \$80 with continuation in FY 2009-2010, Family Cap \$330 (Middle and High combined)

(G) High School Activity Fees - \$160 with continuation in FY 2009-2010, Fam Cap \$330 (Middle & High combined)

(H) High School Parking Fees - \$50/semester

(I) Training Fees - \$25 per course with continuation for FY 2009-2010

(J) 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 2009-2010

COMPUTATION OF MUNICIPAL TAX LIMITATION

Taxes Projected—Anchorage School District FY 2008-2009		\$	217,971,708
Less: Prior Year Taxes Required for Debt Service			<u>39,415,466</u>
Net Taxes Approved for General Fund			178,556,242
Adjustment Factors			
Population 5 year Average	1.1 %		
CPI—Anchorage Urban	<u>4.6</u>		
	5.7 %		<u>10,177,706</u>
Basic Tax Limitation			188,733,948
<u>Plus Exclusions:</u> Taxes for Operations and Maintenance on New Voter Approved Facilities (1)			425,000
Taxes Requested on New Construction/Property Improvements (2)			<u>2,754,800</u>
Tax Limitation—General Fund			191,913,748
Taxes Requested for Debt Service			<u>41,033,834</u>
TAX LIMITATION FY 2009-2010			232,947,582
General Fund	191,913,748		
Debt Service Fund	<u>41,033,834</u>		
TAXES PROJECTED IN FINANCIAL PLAN—FY 2008-2009			<u>232,947,582</u>
AMOUNT (OVER) LESS THAN TAX LIMITATION (3)		\$	<u><u>0</u></u>

- 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: 6.94 mills x \$396,945,272 (2008 Preliminary new construction/property improvement value verified by the Municipality of Anchorage's Office of Management and Budget, January 2009) = \$2,754,800.
 - (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.

Anchorage School District
Fiscal Year 2009-2010

SCHEDULE OF GENERAL FUND REVENUES FROM STATE SOURCES

<u>State Sources</u>		<u>FY 2007-2008 Audited Actual</u>	<u>FY 2007-2008 Revised 6/24/2008</u>	<u>FY 2008-2009 Revised</u>	<u>FY 2009-2010 Projections</u>
Alaska Public School Funding Program (A)	\$	264,718,682	\$ 266,023,500	\$ 280,751,745	\$ 297,031,000
School Improvement Grant - One Time Revenues (B)		7,890,604	7,890,604		
Pupil Transportation (C) Transfer to Debt Service Fund		17,044,496 (167,000)	17,064,000 (167,000)	18,005,000 (167,000)	19,081,000
<u>Supplemental State Funding and Grants:</u>					
On-Base Schools (D)		408,484	408,484	408,484	408,484
McLaughlin Youth Detention Grant (E)		393,287	388,558		
Providence Heights Grant (E)		145,000	145,000		
Retirement System Employer Relief - TRS (F)		81,021,479	81,590,074	69,137,387	62,183,000
Retirement System Employer Relief - PERS (F)		7,451,730	7,109,064	9,810,348	4,364,000
Energy Relief Funding (G)		6,656,602	6,656,602		
TOTAL	\$	<u>385,563,364 (H)</u>	<u>\$ 387,108,886 (H)</u>	<u>\$ 377,945,964</u>	<u>\$ 383,067,484</u>

Notes:

(A) Alaska Public School Funding Program - FY 2009-2010

Basic Need Equals 72,212.81 Adjusted ADM x \$5,580 Student Allocation and 11 times for Level III	\$ 402,947,480
Minus 4 Mills x Foundation Defined Anchorage Assessed Valuation of \$25.286 billion	(101,145,807)
Minus Deductible Portion of Federal Impact Aid	(5,926,078)
Add \$16/ adjusted ADM for Quality Schools	1,155,405
Total Alaska Public School Funding Program Aid	<u>\$ 297,031,000</u>

(B) School Improvement Grant (House Bill 13) - Approved as one time revenues by the Legislature and Governor, May 2006. No projected amount for FY 2009-2010 based on Legislative discussions. The FY 2007-2008 amount was two times the FY 2006-2007 actual revenue received based on actual ADM enrollment, as approved by the Governor and Legislature, May 2007.

(C) Pupil Transportation - Using the amended JLETF recommendation, the reimbursement is estimated based on FY 2006-2007 actual expenditures/number of FY 2006-2007 actual ADM less Correspondence Programs times the estimated ADM less Correspondence Programs for FY 2008-2009. The \$167,000 transfer to the Debt Service Fund is authorized 2002 and 2003 bond propositions approving the purchase of 20 buses as presented through FY 2008-2009.

(D) State of Alaska supplemental grant to partially fund this program.

(E) State of Alaska supplemental grant funding transferred to the Local/State/Federal Grants Program.

(F) Supplemental State funding for the Certificated and Classified Retirement Systems.

(G) One-time energy relief funding approved by the State Legislature and Governor in April, 2008.

Anchorage School District
Fiscal Year 2009-2010

SCHEDULE OF GENERAL FUND REVENUES FROM FEDERAL SOURCES

	FY 2007-2008 Audited <u>Actual</u>	FY 2007-2008 <u>Revised</u>	FY 2008-2009 <u>Revised</u>	FY 2009-2010 <u>Projections</u>
<u>Federal Sources</u>				
Federal Impact Aid (A)	\$ 13,668,868	\$ 12,000,000	\$ 12,500,000	\$ 13,000,000
Medicaid (B)	1,317,328	1,000,000		
R.O.T.C. (C)	<u>695,831</u>	<u>700,000</u>	<u>675,000</u>	<u>780,000</u>
TOTAL	\$ <u>15,682,027</u>	\$ <u>13,700,000</u>	\$ <u>13,175,000</u>	\$ <u>13,780,000</u>

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

(B) The Department of Health and Human Services (Centers for Medicare and Medicaid Services) ruled to eliminate the Medicaid reimbursement for school-based administrative costs.

(C) Revenues for FY 2009-2010 reflect trend data of revenue receipts.

ANCHORAGE SCHOOL DISTRICT
GENERAL FUND
SUMMARY OF MAJOR BUDGETED REVENUE INCREASES AND REDUCTIONS
FY 2008-2009 COMPARED TO FY 2009-2010

FY 2008-2009 Revised Revenue Budget	\$	580,915,706
Major Budgeted Revenue Reductions:		
TRs/PERS Incremental		(12,400,735)
Interest earnings		(1,585,000)
Fund Balance		(59,000)
School Activity Fees		(32,000)
Property Sales, Insurance Proceeds, and Miscellaneous		(2,500)
Total Major Budgeted Revenue Reductions:		(14,079,235)
Adjusted Revenues After Reductions:		566,836,471
Major Budgeted Revenue Increases:		
Alaska Public School Funding Program		16,279,255
Tax Appropriation		13,357,506
Pupil Transportation		1,243,000
Federal Impact Aid		500,000
R.O.T.C.		105,000
E-rate		100,000
Credit Recovery Fees		40,000
Facilities Rentals		6,000
Total Major Budgeted Revenue Increases:		31,630,761
	Net Change:	17,551,526
<u>FY 2009-2010 PROPOSED REVENUE BUDGET</u>	<u>\$</u>	<u>598,467,232</u>

ANCHORAGE SCHOOL DISTRICT
GENERAL FUND
SUMMARY OF MAJOR BUDGETED EXPENDITURE INCREASES AND REDUCTIONS
FY 2008-2009 COMPARED TO FY 2009-2010

FY 2008-2009 Revised Budget **\$ 580,915,706**

Major Expenditure Increases & Decreases:

Districtwide

Previously settled employee contracts	17,400,500
Technology refresh	4,954,800
Pending negotiations	3,200,000
Utilities (heat, water, electricity, telephone, refuse)	1,154,050
Property insurance	185,000
Insurance brokerage administration fees	53,500
Equipment replacement fund	34,100
ASD Educational Center lease	30,100
Liability insurance	14,000
Total Districtwide Increases:	27,026,050

Incremental TRS & PERS rate decrease	(12,411,500)
Decrease in workers' compensation rate for all employees	(625,600)
Contingency	(353,689)
403(b) program compliance consultation fees	(125,000)
Settlements	(121,000)
Advertising and copier lease	(37,575)
Mileage	(28,469)
Sick Leave Bank	(22,031)
Total Districtwide Decreases:	(13,724,864)
Total Districtwide Changes:	13,301,186

Elementary

Elementary Classroom Teachers (31.5 FTE) due to increased enrollment	2,686,226
Teacher Assistants - Kindergarten (8.188 FTE) due to increased enrollment	229,142
4.0% supply and equipment allocation increase/increased enrollment	138,000
Counselor (1.0 FTE)	85,277
World Language Teacher for Girdwood (.6 FTE)	51,166
Secondary Classroom Teachers (.5 FTE) due to increased enrollment	42,639
Total Elementary Increases:	3,232,449

Funding to provide additional opportunities for reading/writing/math academic achievement improvement	(200,000)
Funds to support the School Board goals on reading	(50,000)
Creating Successful Futures	(45,000)
Training for Culturally Responsive Schools	(25,000)
Funding for "Positive Schoolwide Discipline"	(25,000)
Foster Grandparent program	(10,000)
Total Elementary Decreases:	(355,000)
Total Elementary Changes:	2,877,449

Charter Schools

Charter School enrollment adjustment	641,792
Increased Charter School Supervisor from .49 FTE to 1.0 FTE	57,406
Total Charter School Changes:	699,198

Special Education

Teacher Assistants - Sp. Ed. Elementary for enrollment (12.0 FTE)	517,287
Recruitment Incentive - Unallocated Special Education Resources	225,682
Added Days Certificated for Summer School	160,860
Extra Help Certificated - Health Services for immunization records review during summer registration	43,494
Special Service Teacher (1.0 FTE) converted from Special Education Program Specialist (1.0 FTE)	20,860
Health Treatment Nurse (.875 FTE) converted to Nurse position (1.0 FTE)	6,559
Total Special Education Increases:	974,742

Alaska State School for Deaf and Hard of Hearing - sign language interpreters	(120,000)
Whaley - Converted five Special Service Teachers to five Special Education Program Specialists	(116,046)
Special Education Elementary - Conversion of four Teachers (4.0 FTE) to Program Specialists (2.0 FTE) and Behavior Strategists (2.0 FTE)	(62,420)
Special Schools Program - reduce one 6-hour (.75 FTE) Teacher Assistant	(34,069)
Special Education High School - Conversion of one Teacher (1.0 FTE) to Program Specialist (1.0 FTE)	(27,897)
Total Special Education Decreases:	(360,432)
Total Special Education Changes:	614,310

Gifted Education

Special Service Teacher (1.0 FTE) for increased enrollment	85,277
Total Gifted Program Increases:	85,277
Textbooks & teaching supplies	(20,000)
Reduced one 3.5 hour Teacher Assistant (.438 FTE)	(12,370)
Total Gifted Program Decreases:	(32,370)
Total Gifted Program Changes:	52,907

English Language Learner

Special Service Teachers (6.0 FTE: 1.0 for Clark, 2.0 from grants, 3.0 for enrollment)	511,662
Tutors added for increased enrollment (3.5 FTE)	149,072
Counselor (1.0 FTE for Clark)	85,277
Total English Language Learner Increases:	746,011
Supplies (will be paid for with grant funds)	(28,000)
Total English Language Learner Decreases:	(28,000)
Total English Language Learner Program Changes:	718,011

Native Education

Native Education program (8.75 FTE)	394,843
Total Native Education Changes:	394,843

Middle Schools

O&M utilities and custodians (9.0 FTE) for Clark Middle School	847,900
Elementary & Secondary Teachers for enrollment (12.1 FTE)	1,031,852
Clark Middle School - triple allocation for supplies/equipment	315,315
Supply and equipment allocation increase due to increased enrollment	30,890
Added Duty - Certificated for re-opening Clark (\$11,100) and zero-hour math (\$38,100)	56,531
4.0% supply and equipment allocation increase	32,141
Total Middle School Increases:	2,314,629

Summer School Enrichment	(123,000)
Building initiatives, math training and writing program, curriculum development support (summer school)	(87,000)
Database, software, web-based resources & support, internet safety & responsibility implementation	(40,000)
Student activities supplies	(6,000)
Contracted Services - School Board & six year plan goals	(5,000)
Total Middle School Decreases:	(261,000)
Total Middle School Changes:	2,053,629

High Schools

Activity/field trips - contracted transportation	142,625
Nine Star Program (1.0 FTE)	85,277
4.0% supply and equipment allocation increase	57,900
Total High School Increases:	285,802

High School Teachers due to enrollment (-7.0 FTE)	(596,939)
Servers/printers for remediation work stations for on-line HSGQE learning centers	(128,500)
Added Days Certified for Summer School	(114,900)
Supply and equipment allocation due to reduced enrollment	(36,000)
Added Days Certified for remediation	(57,450)
High School Graduation Qualifying Exam reading, writing and mathematics program allocated to the schools	(50,000)
Student Activity Funds	(25,000)
Hearing Officers	(8,000)
Total High School Decreases:	(1,016,789)
Total High School Changes:	(730,987)

Instructional Support

Assessment & Evaluation Data Coordinator (1.0 FTE)	99,300
Curriculum & Evaluation Health/PE Support Teacher (1.0 FTE)	81,350
Mail machine rental and postage	28,000
SIRSI licensing agreement, online worldbook reference fee, OCLC and Firstsearch connections for ASD Library index	14,717
Instructional Support Increases:	223,367

Added Duty Certificated for targeted math trainings	(19,920)
Training of the 1:1 AASB computer grant	(15,257)
Instructional Support Decreases:	(35,177)
Total Instructional Support Changes:	188,190

Informational Technology

Anti-Spam and anti-virus licenses	223,300
Training Specialists for the Student Information project (3.0 FTE)	205,952
Exchange archiving	80,000
Technology Support Specialist I for Clark Middle School support (1.0 FTE)	69,906
Document Management System & implementation for purchasing, accounting & rentals	62,412
Data domain	37,000
CISCO software maintenance	27,200
Bi-Tech (IFAS) software licenses	24,500
Replacement servers, computers, other equipment	11,500
Total Informational Technology Increases:	<u>741,770</u>

Computer lease contract	(1,054,800)
Student Information System (Zangle) implementation	(685,000)
Internet	(50,000)
Supplies	(50,000)
Total Informational Technology Decreases:	<u>(1,839,800)</u>
Total Informational Technology Changes:	<u>(1,098,030)</u>

Administration/Support Services/Rentals, Community Resources

Oil, grease, lube, tires, garage supplies	190,850
Contracted Transportation	138,800
Legal fees	100,000
Craft Specialist for Clark O&M (1.0 FTE)	80,259
Portable sanitary facilities	60,000
Equipment for Maintenance department	47,379
Maintenance Added Duty for electrical/mechanical/weekend/holiday administrator services	38,301
Bus Attendants (.875 FTE)	32,260
Bus Driver - Extra Help	28,415
Total Administration/Support Services/Rentals, Community Resources Increases:	<u>716,264</u>

Fuel	(336,566)
Extra help, added duty	(132,500)
Transfer - field/activity trips	(100,000)
Printing services and supplies for projects across the District	(50,170)
Maintenance - Contracted Services	(50,000)
Supplies	(44,563)
Custodial Extra Help for facility rental opening, supervision and closing	(27,130)
Maintenance Extra Help - Warehouse	(17,048)
Superintendent - Legislative lobbying	(15,000)
School Board - travel out of district	(10,000)
Total Administration/Support Services/Rentals, Community Resources Decreases:	<u>(782,977)</u>
Total Administration/Support Services/Rentals, Community Resources Changes:	<u>(66,713)</u>

One Time Expenditures

Middle Level language arts materials acquisition/adoption	(500,000)
Wireless Phase I for four high schools	(247,304)
Equipment for the 1:1 High Access project	(200,000)
Training for Everyday Math	(140,184)
1:1 Laptop Initiative at Wendler (supplies and equipment)	(105,000)
Physical education equipment for increased PE classes, computers in schools	(100,000)
Content Management System	(70,000)
New band and orchestra books, instructional supplies, etc.	(50,000)
Upgrades and site licenses for 13 IGNITE locations, professional development consulting	(41,000)
Music instrument repair	(36,000)
Sea Train	(35,000)
Supply & equipment allocation for High School Graduation Support Coordinators	(26,000)
Northwood ABC program	(25,000)
Workforce development	(3,000)
Total One Time Expenditures:	<u>(1,578,488)</u>

Total Major Budgeted Expenditure Increases:	37,440,401
Total Major Budgeted Expenditure Reductions:	<u>(18,436,409)</u>
Net Change:	<u>19,003,992</u>
Minor Adjustments and Rounding:	126,022

FY 2009-2010 PROPOSED EXPENDITURE BUDGET

\$ 598,467,232