

ANCHORAGE SCHOOL DISTRICT
ANCHORAGE, ALASKA

ASD MEMORANDUM #188 (2004-2005)

January 21, 2004

TO: SCHOOL BOARD

FROM: OFFICE OF THE SUPERINTENDENT

SUBJECT: FY 2004-2005 PROPOSED FINANCIAL PLAN (FIRST READING)

RECOMMENDATION:

It is the Administration's recommendation that the School Board approve and authorize the Superintendent to prepare the Anchorage School District's FY 2004-2005 Proposed Financial Plan as set forth in the projected revenue and expenditure schedules in the memorandum (Attachment A). The total budget recommendation is \$499,890,875. This includes individual fund budgets currently projected as follows:

	<u>FY 2004-2005 Financial Plan</u>
General Fund	\$376,846,065
Food Service Fund	13,785,312
Debt Service Fund	68,259,498
Local/State/Federal Projects Fund	<u>41,000,000</u>
Total - All Funds	<u>\$499,890,875</u>

The total of local tax contribution to be requested is \$167,388,450.

It is further recommended that the School Board authorize the Superintendent to adjust the budget expenditure ceiling and taxes above in accordance with any change to Charter Schools, State approval of debt retirement projects, the upper limit of the local tax cap limitation and any education-related ballot proposition that may be approved in the April 6, 2004 Municipal Election.

PERTINENT FACTS:

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 2004-2005 budget projections reflect the District's on-going efforts to achieve this balance, maximize performance and contain costs.

These projections for FY 2004-2005 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 School Board Goals in the areas of academic achievement, supportive and effective learning environment, and public accountability. The budget development process is mindful of the District's responsibility in 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. Throughout the process, assumptions, enrollment, revenues, and expenditures are constantly being reviewed and assessed in order to provide the most current information. 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 are evaluated for their impact on the budget. This is especially true this year as a result of the federal No Child Left Behind (NCLB) and Individuals with Disabilities Education Act (IDEA), and the State mandated High School Graduation Qualifying Exam (HSGQE).

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

The District continues with its efforts to seek input from the community, employees and students in the development of its proposed budget recommendation. Input relative to economies and efficiencies in delivery of

programs and services as well as additions and reductions in programs and services are sought.

This year the budget development process involved public participation through the formation of Budget Review Teams. Each team reviewed one of four broad areas of the budget—General Administration, Instruction, Instructional Support and Support Services. The four teams were each composed of one community facilitator and approximately forty volunteers representing various advisory committees, business and labor organizations, community members, parents, students and District employees. Each team was responsible for identifying reductions or revenue enhancements equal to 7 percent, economies and more effective program alternatives, duplication of efforts/services, and reviewing all funding sources. The teams presented their recommendations at a public meeting on October 30. In addition to the teams, opportunities for budgetary input are accessible through the District Web site and suggestion forms available from schools and at Assembly and School Board hearings. Input was also solicited from the Minority Education Concerns Committee (MECC), various advisory committees and the Anchorage Council of PTAs. All District employees were sent staff comment/question/suggestion forms asking for their suggestions. Each department supervisor was asked to identify 7 percent reductions from their departments and/or revenue enhancements related to their area. All of the recommendations from these sources were reviewed and considered as the Administration developed the proposed budget being presented. Every program and department was thoroughly scrutinized and many items were eliminated and/or reduced. Programs were reviewed from their base and services reorganized and eliminated to help with closing the fiscal gap. The need to focus on providing core educational services was a primary concern when reviewing and making recommendations in both the instructional and support areas.

On November 3, 2003, a School Board FY 2004-2005 financial planning work session was held. A pro forma revenue and expenditure budget was presented based on the current information known. At that time the Administration projected that the District faced a \$26.2 million fiscal gap for FY 2004-2005. Assumptions used for projection purposes were reviewed with the School Board. The Administration gathered suggestions and changes that the School Board members wanted the Administration to further investigate including any of the suggestions submitted by the staff and community members. At that work session the School Board provided guidance to the Administration to include \$4.5 million of fund balance as a revenue source to reduce the fiscal gap and to avoid some reductions in various District activities when bringing the FY 2004-2005 Preliminary Financial Plan forward in January 2004.

On November 10, 2003, the School Board authorized the Superintendent to prepare the Anchorage School District's FY 2004-2005 Preliminary Financial Plan in accordance with the financial projections set forth at that time. Authority to adjust the budget expenditure ceiling in accordance with any negotiated contract adjustments and other associated cost increases, School Board requests, and Administration, community, staff and students' budget review recommendations given to the Superintendent. In addition, flexibility was given to allow for adjustments based on updated demographics and/or economic information, as well as staffing based on review of student enrollment projections. The total of all department budgets plus any new facilities or change in program requirements were compared to anticipated revenues. Including the use of \$4.5 million of fund balance as a revenue source, it was projected at that time that expenditures would exceed projected revenues by approximately \$19.4 million.

During this past two months as the Administration proceeded forward in preparing a FY 2004-2005 Preliminary Financial Plan in which expenditures would equal revenues, the District's mission of educating all students for success in life was always at the forefront. It was also recognized that this could not be accomplished without support and maintenance departments. Review and reassessment of assumptions and parameters were made again. Updated and new information was incorporated. Assessment of workload and reorganizations within departments to improve efficiencies were made. Community, staff and student suggestions were considered and implemented where appropriate. **After a great deal of review, consideration and discussion, the Superintendent is presenting to the School Board a balanced FY 2004-2005 Proposed Financial Plan totaling \$499,890,875. Expenditures have been brought into balance with revenues by making major reductions and increasing fees. Some reductions were made as a result of efficiencies through better resource management, but eliminating the large fiscal gap was not accomplished without directly impacting instructional programs.**

The Administration presented the FY 2004-2005 Preliminary Financial Plan to the School Board on January 13 and 15, 2004. The Superintendent gave a general overview and then each administrator presented his/her budget identifying any major changes, including program realignments.

Student enrollments, 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 the FY 2004-2005 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, weighting both half-day kindergarten and preschool students at one-half, which is consistent with their programs.

In order to project student enrollment, District staff works closely with the Municipality of Anchorage in utilizing the Municipality's Geographic Information System's data. The following schedule summarizes the actual or projected student enrollment information for FY 2001-2002 through FY 2004-2005 on both a full count and FTE basis.

	Actuals 2001-2002 <u>9/30/01</u>	Actuals 2002-2003 <u>9/30/02</u>	Actuals 2003-2004 <u>9/30/03</u>	Projected 2004-2005 <u>9/30/04</u>
Total Number	49,676	50,029	49,663	49,499
Change Over Prior Year's Actuals		353	(366)	(164)
FTE (Full-Time Equivalent)	49,441	49,791	49,431	49,274

GENERAL FUND

The General Fund, consisting of each school and department's budget, 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

Major changes to the revenue projections for FY 2004-2005 as compared to FY 2003-2004 are listed on Attachment B.

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 appreciate the past increases in revenue funding to the Alaska Public School Funding Program. Hopefully, the Legislature will continue to advocate for the students in our communities by funding an increase in revenues supporting public education. It is essential that school districts receive adequate funds to meet the required mandates and public expectations.

This Program is expected to provide approximately 54 percent of the District's General Fund revenues. This is based on continuing the same per pupil amount for the base student allocation (\$4,169), that includes the roll up of the Learning Opportunity Grant and Section 93 of Senate Bill 2006, approved during the Legislative session, and the Quality School Grant (\$16). Based on current enrollment projections, the amount of funding for FY 2004-2005 is estimated to be \$202.6 million, which is \$3.7 million less than the current FY 2003-2004 budget. This is a result of lower anticipated enrollment, (49,900 budgeted for FY 2003-2004 and 49,499 projected for FY 2004-2005) and the State assessed property valuation for the Municipality increasing \$2 billion. **This increase in assessed valuation results in a larger required local effort causing a loss of approximately \$4.0 million in the Alaska Public School Funding formula calculation.**

The Alaska Public School Funding program is based on average daily membership (ADM)—determined by the District's enrollment and special education intensive count—processed through school size factors and special needs formulae to establish the District's "basic need." The required local share 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 the preceding years "basic need" or 4 mills times one-half of the annual increase in assessed valuation compared to the 1999 base year of the 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 required local effort. **An increase to the assessed valuation reduces the potential amount of Alaska Public School Funding revenue.** The Alaska Department of Community and Economic Development notified the District that the assessed valuation for Anchorage has increased from \$19.204 billion to \$21.215 billion.

Local Property Taxes— Local property tax contribution is the District's second largest General Fund revenue source. **Projected local property tax revenue for FY 2004-2005 is based on requesting the full amount of taxes available under the local property tax limitation.** The local property tax limitation provides for an annual adjustment for inflation, five-year Anchorage population change and new construction.

The projected inflation rate used for planning purposes is 2.29 percent. This preliminary estimate is the rate being used by both the District and the Municipality of Anchorage in the property tax limitation calculations. The official Consumer Price Index (CPI) will not be available until February 2004. As determined by the State Department of Community and Regional Affairs, the

five-year Anchorage municipal population change used for planning purposes is 1.1 percent, with the official percentage growth not available until January 2004. The projected combined rate of 3.39 percent for FY 2004-2005 is .39 percent more than the current rate of 3.00 percent for FY 2003-2004.

Included in the revenue projections are taxes associated with the opening of South Anchorage High School, and the completion of the addition/renovation to Ptarmigan Elementary and Wendler Middle Schools.

It is anticipated that this increase—and increased taxes allowed on new construction or property improvement—will increase the amount of taxes available in the General Fund by approximately \$12.4 million. However, the Anchorage Assembly must first consider and approve the District's local property tax request.

The District has been notified that the Mayor is proposing transferring \$1 million of Municipal taxing authority to the District under the property tax limitation in order to assist the District with our fiscal difficulties. As part of the approval of the 2004 Municipal operating budget, the Assembly approved a change in the calculation method related to the funding that the Municipality receives from the Municipal utilities. Subject to approval of utility rate increases by the Regulatory Commission of Alaska (RCA) in March 2004, the Municipality anticipates receiving more funding from the Municipal utilities using the new calculation method. The Mayor is proposing sharing a portion of the increased funding with the District by transferring funds to the District's tax base under the property tax limitation formula. Since this process has not been completely finalized and the rate increases are still subject to approval by the RCA, the District has not included the additional \$1 million of tax revenue in the FY 2004-2005 Proposed General Fund Financial Plan. **At a later date when the Municipal process is complete, the District will request the \$1 million of additional taxes and the increased upper limit spending authority.**

Federal Impact Aid— The revenue projection for Federal Impact Aid has been projected at 100 percent of projected entitlement and at the same amount budgeted in FY 2003-2004 based on FY 2002-2003 actual revenues. Uncertain at this time is the formation of the Stryker Brigade that may have an impact on future funding.

The amount of Federal Impact Aid revenue each year is uncertain because it is subject to pro-ration based on the annual funding appropriated by Congress. In addition, the percentage of the total number of federally-connected students to the total number of students the State has direct responsibility for—including military students, children educated at Mt. Edgecumbe and State correspondence (Alyeska)—and potential formula changes, could result in fluctuations in Federal

Impact Aid funding to the District. This coupled with the fluctuation from year-to-year in the number of students living on military land, which can partially result from on base/post housing renovations, adds to the uncertainty of Federal Impact Aid revenue during the budget process. This Program is subject to annual Congressional appropriation and should be monitored. We also do not know, for example, if the District will receive prior year adjustment payments during FY 2004-2005.

Fund Balance— The District's undesignated fund balance for the General Fund is a potential one-time source of revenue. Deciding the appropriate level of fund balance required for a contingency reserve requires an exercise of judgment. Industry standards recommend undesignated fund balances or contingency reserves remain between 3 to 5 percent of the budget. The undesignated fund balance needs to be maintained to protect against shortfalls in revenue collection, to allow for adequate cash flow management, and to provide the financial ability to meet emergencies. As of June 30, 2003, the undesignated fund balance was approximately \$26.665 million or 7 percent of the FY 2004-2005 Financial Plan of \$376.8 million.

At this time, based on approval from the School Board in November, the Administration has included \$4.5 million of fund balance as a revenue source to help reduce the fiscal gap. Using \$4.5 million of fund balance will provide an undesignated fund balance of \$22.165 million or 5.9 percent of the FY 2004-2005 projected budget of \$376.8 million.

Pupil Transportation Reimbursement— The proposed FY 2004-2005 revenue projection for Pupil Transportation is based on full funding for the District using the formula for State funding of pupil transportation approved by the Governor and the Legislature during the last Legislative session. There is no provision for an increase in State funding of transportation that is required to meet the individual educational plan (IEP) of a student with disabilities. This will be discussed with the Legislature and the Governor’s staff during the legislative session.

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 course training fees, and rental fees. Based on input from the School Board and Budget Review Teams, rate increases have been incorporated in these projections. The following schedule shows the adjustments:

	<u>FY 2003-2004</u>	<u>FY 2004-2005</u>
Graduation Support Services	\$50 per course	\$75 per course
Summer School	\$50 per course	\$75 per course

Music Instrument Usage Fee	\$10 per instrument	\$15 per instrument
Middle Level Activity Fees	\$50 per activity	\$75 per activity
High School Activity Fees	\$75 per activity	\$125 per activity
High School Parking Fees	\$25 per semester	\$50 per semester
Facility Rental Fees	\$435,000	\$552,500
Family Cap for Activity Fees	\$225	\$300

Revenues generated from Community Schools Fees have been eliminated due to the recommended elimination of the Community School program in FY 2004-2005.

Medicaid— Based on FY 2002-2003 actual revenues and current year projections, it is estimated that the District will receive approximately \$1,100,000 in Medicaid funding based on information from the Alaska Department of Education and Early Development (DEED).

E-Rate— Based on the decline of free and reduced student count, our eligible discount rate was reduced from fifty percent to forty-nine percent. However, for FY 2004-2005 the School and Libraries Division of the Universal Service Administrative Company have revised their eligibility discount criteria that should include more district facilities for FY 2004-2005. The net funding of these two factors is anticipated to result in slightly lower revenues for FY 2004-2005 than in the current year, but more than the actual revenue for FY 2002-2003. These funds are included in the budget as a revenue source, offset by corresponding communications expenditures.

Expenditures

Students and program needs and a commitment to use the funds economically primarily drive expenditure projections. Recommendations submitted from the Budget Review Teams and the suggestions 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 have been incorporated to bring the budget into balance.** The major changes in budgeted expenditures between FY 2004-2005 and FY 2003-2004 are included in Attachment C.

Salaries and Benefits— Employee salaries, wages, and benefits are projected to be approximately 86.4 percent of the operating cost of the District. The projections include consideration for contract negotiations for the Anchorage Principals Association (APA), Public Employees Local 71 Custodians, Totem Association of Education Support Personnel Incorporated, APEA/AFT (AFL-CIO), a contract re-opener for Anchorage Education Association (AEA), and compensation consideration for Exempt personnel. Depending upon the

settlement parameters defined by the School Board for collective bargaining for these contracts, the total revenue needed to support the programmatic assumptions discussed herein may be revised. Compensation provisions for completed contracts have been included in the projections. Funding for mandatory retirement increases for certificated retirement (12 percent to 16 percent) and classified retirement (9.25 percent to 14.25 percent), and payroll tax adjustments known at this time are also included in the expenditure projections.

Average Teacher Salary— Further review and analysis of the current teacher salaries over the last two months, resulted in the average teacher salary used in the previous projections to increase slightly. Contributing factors that determined the average teacher salary used included the salary schedule increase, projections of current staff step increases, historical information of educational attainment, employee layoffs, projected turnover and vacancies at any given time.

Staffing— Staffing requirements have been adjusted based on the official student projections set forth for September 30, 2004. Official projections are based on actual enrollment throughout the month of September.

Certificated Teaching Positions— In order to bring expenditures in balance with projected revenues, it was necessary to increase class size by 1.5 PTR (pupil to classroom teacher staff ratios) in all grade levels (reduction of 102.5 FTE teachers). Adjustments have also been included for staffing based on decreased enrollment projections (reduction of 17 FTE teachers) and for staff requirements based on rural-urban transitioning and immigration from other countries that provides the District with a wealth of opportunities with 93 languages spoken in the Anchorage schools.

	<u>FY 2003-2004</u>	<u>FY 2004-2005</u>
Kindergarten (FTE)	20.5 to 1	22 to 1
Grades 1	21 to 1	22.5 to 1
Grade 2-3	24 to 1	25.5 to 1
Grades 4-6	27 to 1	28.5 to 1
Grades 7-8	25.54 to 1	26.79 to 1
Grades 9-12	27.08 to 1	28.33 to 1
Special Education	Staffing is based upon demonstrated need and program	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 for charging the Food Service Fund the State approved indirect cost rate. This more accurately reflects the cost of services provided the Food Service Fund by various departments budgeted in the General Fund. The indirect cost rate is anticipated to increase from 4.08 percent in FY 2003-2004 to 4.38 percent (subject to approval by the State) in FY 2004-2005.

Contracted Services— Where appropriate, inflationary adjustments to contracts were allowed. A very close review of actual contracted services determined if inflationary increases are warranted. If other known rate increases were warranted or increased mandated requirements known, they were included in the budget. Utilities are budgeted based on analysis of usage and are adjusted according to projected rate increases and/or decreases as announced by the utility agencies. With rate adjustments and review of actual expenditures, 4 percent to 28 percent rate increases for the utilities are projected.

Pupil Transportation— Contracted pupil transportation routes for FY 2004-2005 include an estimated increase for COLA.

Major Maintenance—The Administration recommends reducing the funding level for major maintenance projects by \$186,900 (7 percent reduction) from \$2.67 million to \$2.48 million. As the District's more than 92 school 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. Some of the routine maintenance can be postponed for one year but should not be further delayed.

Supplies— In general, the supply budgets have been reduced. **Most departments reduced their supply budgets by a minimum of 10 percent.** Some departments, however, may show an increase in supplies based on departmental need to service the total District program requirements (e.g., fuel requirement to run District vehicles). **The current projections also include a 10 percent reduction to the school supply and equipment per pupil allocation compared to the current year.** The District, Municipality of Anchorage and University of Anchorage are examining the possibility of saving funds by jointly purchasing computers and other bulk items. For the first year of opening, South Anchorage was given a triple allocation to support start-up costs that are not eligible to be charged to the construction funds. Also included is the continuation of emergency shelter supplies for schools serving as shelters in the event of a major emergency.

Equipment— Replacement equipment purchases between \$5,000 and \$50,000 will be purchased from the Equipment Replacement Fund. The FY 2004-2005

Proposed Financial Plan includes only a small amount of funds for expendable equipment other than the amount included in the student supply/equipment allocation. It is anticipated that the current year's budget has sufficient upper limit spending authority to allow for some additional one-time equipment purchases to be made later this year.

New School and Additions— Included in our expenditure projections are costs associated with the opening of South Anchorage High School and completion of the addition/renovation to Ptarmigan Elementary and Wendler Middle Schools.

Charter Schools— One application for a charter school, Eagle Academy, was received by the Administration for consideration for FY 2004-2005 and is based on an anticipated enrollment of 175 students. This charter school application was brought before and approved by the School Board on January 12, 2004. If the school reaches 151 solid registrations by March 31, 2004, as set by the School Board, we will make the budget adjustments accordingly.

Major Expenditure Reductions— The major program reductions/eliminations and the positions that were required to be eliminated in the FY 2004-2005 budget in order to bring expenditures in balance with projected revenues are as follows:

- Increase class size by 1.5 students in all grade levels (102.5 FTE)
- Eliminate extra planning and seventh period at middle schools (54 FTE)
- Reduce Kindergarten Teacher Assistants by 50 percent (35.5 FTE)
- Eliminate 3.7 FTE District-wide Music Teachers
- Eliminate 8.3 FTE Library/Media Assistants at the middle schools and Polaris
- Eliminate 2.5 FTE Library/Media Assistants at elementary schools
- Eliminate 2 middle level Assistant Principals (Wendler and Central Middle Schools)
- Eliminate 2 elementary level Assistant Principals
- Eliminate 1 Assistant Principal at King Career Center
- Reduce .5 Safety/Security Home School Coordinator at King Career Center
- Reduce .5 Nurse each at SAVE and Benny Benson
- Eliminate 1 Slingerland Secretary
- Eliminate the Community Education Program (13 Community Education Coordinators)
- Eliminate 1 Administrative Assistant in Community Resources
- Eliminate 1 Administrative Assistant in Community Services
- Eliminate 1 Senior Budget Clerk in Budget Department
- Eliminate 1 Administrative Assistant in Purchasing Department

- Eliminate 5 permanent substitute Custodians
- Eliminate 1 Custodial Training Supervisor
- Eliminate 1 Warehouse Courier position
- Eliminate 1 Maintenance Supervisor
- Eliminate 8 permanent substitute Bus Drivers
- Reduce departmental supply accounts by a minimum of 10 percent and the per pupil supply/equipment allocation by 10 percent
- Eliminate a majority of the funding for meals and food
- Eliminate swimming as a PE instructional class
- Eliminate C team participation in all high schools
- Reduce high school activity trips
- Reduce high school pupil activity expenses
- Reduce funding for Paideia program
- Reduce funding for Schools of Choice
- Reduce funding for Graduation Support Services
- Reduce middle level summer school by 50 percent
- Reduce \$258,500 of funding for the MOST (Middle School Older Learning) program and discretionary school grants at the middle schools
- Reduce middle level reading program training
- Reduce activity field trip funding at middle schools
- Reduce discretionary school grants to elementary schools
- Reduce elementary level summer school by 50 percent
- Cut 2 addenda for elementary level chorus and interscholastic activities (school discretion)
- Reduce funding for elementary health curriculum, the Great Body Shop, by 50 percent
- Reduce funding for elementary level reading initiative
- Reduce funding for major maintenance projects
- Reduce funding for in-lieu of transportation payments

To add staff back to the FY 2004-2005 Financial Plan, the amount would increase based on negotiated contract increases as well as payroll taxes and benefit rate increases.

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 increased hours for staff, food costs, the cost of support services, equipment repair and replacement costs, and overhead charges. The FY 2004-2005 budget has been increased from \$13.363 million to \$13.785 million

to accommodate the opening of South Anchorage High School, employee-negotiated contracts, the mandated classified retirement increase from 9.25 percent to 14.25 percent, upward movement in food costs, and any adjustments to the indirect cost rate.

The revenue sources for the Food Service Fund budget includes revenue from meal sales, Federal reimbursement for meals served, and the undesignated fund balance. This budget projects increases in meal sales and reimbursement revenue.

The Administration is recommending the use of Food Service Fund fund balance for the FY 2004-2005 Food Service Fund budget. The undesignated fund balance for the Food Service Fund as of June 30, 2003 was approximately \$1.213 million. Of this amount, \$319,550 was approved in August 2003 to support the FY 2003-2004 Food Service Fund budget. Use of the undesignated fund balance of \$225,000 is being recommended to support the FY 2004-2005 Food Service budget. This will leave an approximate amount of \$668,100, which is 4.8 percent of the FY 2004-2005 Food Service Fund budget as presented in this memorandum. **These projections do not reflect any changes in the meal prices** and it is projected that no local tax support will be required for the Food Service Fund in FY 2004-2005.

Debt Service Fund— This fund is used to budget and account for principal and interest payments on existing school bonds as well as the revenues necessary to fund these expenditures. Some of the District's bonds receive State debt reimbursement, which varies depending on the year in which the bond proposition was approved. Due to savings incurred from the sale of new bonds at lower than anticipated interest rates and refinancing outstanding bonds, the District was able to use \$11.5 million of fund balance as a revenue source in current year and has included in the FY 2004-2005 projections the use of \$3.4 million of fund balance as a revenue source, thereby reducing the amount of local taxes. In addition, approximately \$100,000 will be transferred from General Fund State Pupil Transportation revenues for 20 buses that were funded by April 2002 and April 2003 bonds. Potential bond propositions for April 2004 have not been included in the projections.

Local / State / Federal Projects Fund— Expenditures in the Local/State/Federal Projects 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 Federal and State annual appropriations. It is projected that budgets for FY 2004-2005 grants

may increase approximately \$1 million based on discussion with the grant writers and the amount of grants already received this year.

FISCAL YEAR BUDGET COMPARISON

Even though the following schedule indicates the General Fund FY 2004-2005 proposed budget is increasing approximately \$9.25 million over the current year's budget, the District was forced to reduce expenditures and increase fees by approximately \$19.4 million and use \$4.5 million of fund balance as a revenue source in order to bring expenditures in balance with revenues. Reduction in revenue from the Alaska Public School Funding Program, increase rates for both State retirement systems, employee bargaining agreement settlements, and other rate increases such as contracted transportation and utilities rates all contributed to the projected fiscal gap.

The following schedule compares by fund the FY 2004-2005 projected revenue/expenditures with those currently approved for FY 2003-2004.

<u>REVENUE/EXPENDITURE BUDGETS</u>			
<u>Fund</u>	<u>Revised Budget FY 2003-2004</u>	<u>Proposed Budget FY 2004-2005</u>	<u>% Over /(Under) Prior Year</u>
General	\$367,595,037	\$376,846,065	2.52%
Food Service	13,362,550	13,785,312	3.16%
Debt Service	61,908,094	68,259,498	10.26%
Local/State/Federal Projects	40,000,000	41,000,000	2.50%
Contingency	<u>2,328,054</u>	<u> </u>	(100.00%)
All Funds	<u>\$485,193,735</u>	<u>\$499,890,875</u>	3.03%
 TAXES			
	<u>Revised FY 2003-2004</u>	<u>Proposed Budget FY 2004-2005</u>	<u>Increase</u>
General Fund	\$121,490,634	\$133,880,295	\$12,389,661
Debt Service	<u>23,493,024</u>	<u>33,508,155</u>	<u>10,015,131</u>
All Funds	<u>\$144,983,658</u>	<u>\$167,388,450</u>	<u>\$22,404,792</u>

The increase of overall taxes being requested for FY 2004-2005 will result in a slight reduction in taxes per \$100,000 of assessed valuation. Based on the increase of the estimated 2004 total assessed valuation received from the

Municipality on January 7, 2004, it is anticipated that the mill levy will be reduced from 7.37 mills to 7.36 mills for 2004.

STUDENT ENROLLMENT PROJECTIONS

	FY 2003-2004 Actuals <u>Sept. 30, 2003</u>	FY 2004-2005 Projected <u>Sept. 30, 2004</u>	Change Over Prior <u>Year's Actual</u>
Enrollment	49,663	49,499	(164)
Full Time Equivalent (FTE)	49,431	49,274	(157)

In preparing the FY 2004-2005 Proposed Financial Plan, many budget development uncertainties still face the District.

- School Board areas of interest
- Projected enrollment
- FY 2004-2005 – Contract negotiations for APA (Anchorage Principals Association), Local 71 (Custodians), TOTEM (Education Support Personnel), AEA (Anchorage Education Association) contract re-opener and Exempt personnel
- ESEA-No Child Left Behind (NCLB) requirements, and Individuals with Disabilities Education Act (IDEA)
- Transportation requirements supporting NCLB adequate yearly progress and school choice requirements
- Alaska Studies
- Approval of more charter schools
- Six-Year Educational Plan
- Assessment/Testing Impact
- State of Alaska Quality Schools Initiative (HSGQE)
- Implementation of Instructional Technology Plan
- Formation of the Fort Richardson Stryker Brigade
- CPI and 5-year average population growth used for local property tax limitation not finalized until February 2004
- New construction and assessed valuation used for local property tax limitation not finalized until March/April 2004
- Federal Impact Aid subject to annual appropriation
- Legislative action
- Approval of future bond propositions

SUMMARY

Our assumptions in preparing the FY 2004-2005 Preliminary Financial Plan are based on, but not limited to, the following criteria:

- 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 – the undesignated fund balance as of June 30, 2003 was \$26.665 million or 7 percent of the \$376.8 million. Using \$4.5 million will bring the undesignated fund balance to \$22.165 or 5.9 percent of \$376.8 million
- State Public School Funding - no formula change and no increase to per pupil allocation of \$4,169
- Quality Schools Grant - no increase to per pupil amount of \$16
- State Pupil Transportation Reimbursement - revised formula approved by the Governor and Legislature during the last legislative session
- Potential adoption or expansion of programs must be funded within existing resources
- Increased family cap from \$225 to \$300 on Middle/High School Activity Fees
- Increased user fees

The discussions in this memorandum related to program and expenditure reductions/eliminations, use of fund balance as a revenue source, and various user fee increases only relate to the projected fiscal gap for FY 2004-2005. **It is estimated that unless the District receives substantial funding level increases, in addition to those related to enrollment changes, from the State and federal governments, the District will face another large fiscal gap in the range of \$20 to \$22 million in FY 2005-2006.** An example of one potential expenditure increase for FY 2005-2006 is an estimated employer contribution rate increase of 5 percent for the Public Employees Retirement System and 4 percent for the Teachers Retirement System. The State estimates the impact to the Anchorage School District will be an increase in retirement expenditures of over \$11 million.

Attachments

CC/JS/MSL

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

Approved by: Janet Stokesbary, Chief Financial Officer

Anchorage School District
Fiscal Year 2004-2005

PROJECTED REVENUES AND EXPENDITURES SUMMARY

First Reading

Fund	Revenues and Fund Balance				FY 2004-2005 Revenues/Sources Projected	FY 2004-2005 Expenditures Projected	
	Local	Other		State			Federal
	Taxes						
General	\$ 133,880,295	\$ 8,868,300	\$ 221,717,470	\$ 12,380,000	\$ 376,846,065	\$ 376,846,065	
Food Service	0	7,309,800	0	6,428,800	13,785,312	13,785,312	
Debt Service (1)	<u>33,508,155</u>	<u>3,540,119</u>	<u>31,211,224</u>	<u>0</u>	<u>68,259,498</u>	<u>68,259,498</u>	
	167,388,450	19,718,219	252,928,694	18,808,800	458,890,875	458,890,875	
Local, State and Federal Projects	<u>0</u>	<u>744,026</u>	<u>1,497,461</u>	<u>38,758,513</u>	<u>41,000,000</u>	<u>41,000,000</u>	
TOTAL	<u>\$ 167,388,450</u>	<u>\$ 20,462,245</u>	<u>\$ 254,426,155</u>	<u>\$ 57,567,313</u>	<u>\$ 499,890,875</u>	<u>\$ 499,890,875</u>	
Percentage of Revenue Sources to Total Revenue Projections	33.48%	4.09%	50.90%	11.53%	100.00%		

**Computation of Total Taxes
for Calendar Year 2004**

			<u>General Fund</u>	<u>Debt Service Fund</u>
Amount required to fund second half of Adopted FY 2003-2004 Budget: January 1, 2004/June 30, 2004		\$144,983,658 x 50% =	\$ 60,745,317	\$ 11,746,512
Amount required to fund first half of Adopted FY 2004-2005 Budget: July 1, 2004/December 31, 2004		\$167,388,450 x 50% =	<u>66,940,148</u>	<u>16,754,078</u>
TOTAL Taxes for Calendar Year 2004			<u>\$ 127,685,465</u>	<u>\$ 28,500,590</u>
Total Taxes for Calendar Year 2004				
2) <u>Total Taxes 2004</u>	<u>\$ 156,186,055</u>	= 7.36 mills	<u>\$ 127,685,465</u>	<u>\$ 28,500,590</u>
Assessed Valuation	\$ 21,230,914,067		\$ 21,230,914,067	\$ 21,230,914,067
			<u>6.02 mills</u>	<u>1.34 mills</u>

NOTES:

- 1) The 2004 mill rate estimate is based on assessed valuation provided by the Municipality of Anchorage's Office of Management and Budget. (01/07/04)

Anchorage School District
Fiscal Year 2004-2005

PROJECTED REVENUES SUMMARY BY FUND
FISCAL YEARS 2002-2003 TO 2004-2005
First Reading

<u>Fund</u>	FY 2002-2003 <u>Revised</u>	FY 2003-2004 <u>Revised</u>	FY 2004-2005 <u>Projected</u>	FY 2004-2005 Increase over FY 2003-2004 Revised	
				<u>Amount</u>	<u>Percent</u>
General	\$ 360,368,861	\$ 367,595,037	\$ 376,846,065	\$ 9,251,028	2.52%
Food Service	12,400,000	13,362,550	13,785,312	422,762	3.16%
Debt Service	51,038,651	61,908,094	68,259,498	6,351,404	10.26%
Local/State/ Federal Projects	40,000,000	40,000,000	41,000,000	1,000,000	2.50%
Contingency	<u>610,655 (A)</u>	<u>2,328,054 (B)</u>	<u> </u>	<u>(2,328,054)</u>	(100%)
TOTAL	\$ <u>464,418,167</u>	\$ <u>485,193,735</u>	\$ <u>499,890,875</u>	\$ <u>14,697,140</u>	3.03%
<u>Taxes</u>					
General	\$ 114,373,207	\$ 121,490,634	\$ 133,880,295	\$ 12,389,661	10.20%
Debt Service	<u>28,581,375</u>	<u>23,493,024</u>	<u>33,508,155</u>	<u>10,015,131</u>	42.63%
TOTAL	\$ <u>142,954,582</u>	\$ <u>144,983,658</u>	\$ <u>167,388,450</u>	\$ <u>22,404,792</u>	15.45%

(A) An additional \$610,655 of upper limit spending authority was available if revenues were identified.

(B) Revised and approved by the School Board on June 23, 2003. Of the initial \$2,647,604 of upper limit spending authorization, \$2,328,054 (a difference of \$319,550) is still available if revenues are identified; the Food Service Fund was increased by \$319,550, from \$13,043,000 to \$13,362,550. Since the upper limit approval by the Anchorage Assembly in April did not change due to adjustments between funds, the District did not have to obtain Assembly approval.

Anchorage School District
REVENUE SUMMARY BY FUND AND SOURCE
FISCAL YEARS 2002-2003 TO 2004-2005
First Reading

	FY 2002-2003 Audited Actual	FY 2002-2003 Revised (A)	FY 2003-2004 Revised (B)	2004-2005 Projected	FY 2004-2005 Inc/(Dec) over FY 2003-2004 Revised Budget
General Fund					
Local Revenue/Fund Balance					
Local Taxes	\$ 114,373,207	\$ 114,373,207	\$ 121,490,634	\$ 133,880,295	\$ 12,389,661
Interest	732,747	1,375,000	1,400,000	1,125,000	(275,000)
Other Local	2,433,030	2,760,650	2,825,700	3,243,300	417,600
Fund Balance			5,044,000	4,500,000	(544,000)
	<u>117,538,984</u>	<u>118,508,857</u>	<u>130,760,334</u>	<u>142,748,595</u>	<u>11,988,261</u>
State Revenue					
Alaska Public School Funding Program	196,473,622	200,595,696	206,308,819	202,627,150	(3,681,669)
Learning Opportunity Grant Program	8,740,024	8,726,028			-
Section 93 of Senate Bill 2006	1,915,626	1,922,296			-
Pupil Transportation	16,874,909	16,878,500	16,237,400	17,028,333	790,933
Tuitions	680,659	675,000			-
Supplemental State Funding	2,247,563	2,177,484	2,073,484	2,061,987	(11,497)
	<u>226,932,403</u>	<u>230,975,004</u>	<u>224,619,703</u>	<u>221,717,470</u>	<u>(2,902,233)</u>
Federal Revenue					
Federal Impact Aid	11,417,018	10,500,000	11,800,000	11,900,000	100,000
R.O.T.C.	433,699	385,000	415,000	480,000	65,000
	<u>11,850,717</u>	<u>10,885,000</u>	<u>12,215,000</u>	<u>12,380,000</u>	<u>165,000</u>
Total General Fund	356,322,104	360,368,861	367,595,037	376,846,065	9,251,028
Food Service Fund					
Sales	5,381,945	5,816,312	5,959,023	6,181,387	222,364
Fund Balance		400,000	393,815	225,000	(168,815)
Federal Reimbursement	6,762,862	6,183,688	7,009,712	7,378,925	369,213
	<u>12,144,807</u>	<u>12,400,000</u>	<u>13,362,550</u>	<u>13,785,312</u>	<u>422,762</u>
Debt Service Fund					
Local Revenue/Fund Balance					
Local Taxes	28,581,375	28,581,375	23,493,024	33,508,155	10,015,131
Interest	69,993	60,000	15,000		(15,000)
Fund Balance		1,574,722	11,512,196	3,439,580	(8,072,616)
Fund Transfer				100,539	100,539
	<u>28,651,368</u>	<u>30,216,097</u>	<u>35,020,220</u>	<u>37,048,274</u>	<u>2,028,054</u>
State Sources					
Debt Service	22,941,738	20,822,554	26,887,874	31,211,224	4,323,350
	<u>22,941,738</u>	<u>20,822,554</u>	<u>26,887,874</u>	<u>31,211,224</u>	<u>4,323,350</u>
Total Debt Service	51,593,106	51,038,651	61,908,094	68,259,498	6,351,404
Local/State/Federal Projects					
Local Projects	454,024	922,670	683,225	744,026	60,801
State Projects	1,119,396	2,006,900	2,403,274	1,497,461	(905,813)
Federal Projects	31,293,909	37,070,430	36,913,501	38,758,513	1,845,012
	<u>32,867,329</u>	<u>40,000,000</u>	<u>40,000,000</u>	<u>41,000,000</u>	<u>1,000,000</u>
Total Revenues	\$ 452,927,346	\$ 463,807,512 (A)	\$ 482,865,681 (B)	\$ 499,890,875	\$ 17,025,194
Total Expenditures	\$ 445,439,945	\$ 463,807,512 (A)	\$ 482,865,681 (B)	\$ 499,890,875	\$ 17,025,194
Total Taxes – Fiscal Year	\$ 142,954,582	\$ 142,954,582	\$ 144,983,658	\$ 167,388,450	\$ 22,404,792

(A) An additional \$610,655 of upper limit spending authority was available if revenues were identified.

(B) Revised and approved by the School Board on June 23, 2003. Of the initial \$2,647,604 of upper limit spending authorization, \$2,328,054 (a difference of \$319,550) is still available if revenues are identified; the Food Service Fund was increased by \$319,550, from \$13,043,000 to \$13,362,550. Since the upper limit approval by the Anchorage Assembly in April did not change due to adjustments between funds, the District did not have to obtain Assembly approval.

Anchorage School District
Fiscal Year 2004-2005

SCHEDULE OF GENERAL FUND REVENUES FROM LOCAL SOURCES/FUND BALANCE

First Reading

	FY 2002-2003	FY 2002-2003	FY 2003-2004	FY 2004-2005
	Audited	Revised	Adopted	Projected
Local Sources	Actual			
Municipality of Anchorage Appropriation of Taxes	\$ 114,373,207	\$ 114,373,207	\$ 121,490,634	\$ 133,880,295
Other Local				
Career Center Instructional Projects	80,022	77,500	77,700	81,200
Facilities Rentals (A)	390,269	450,000	435,000	552,500
Nonresident Tuition	612	10,000	10,000	1,000
Graduation Support Services (B)	40,882	40,000	40,000	60,000
Summer School - Elementary (C)	24,650	35,000	35,000	18,500
Summer School - Middle Level (C)	17,400	27,000	27,000	13,000
Summer School - Secondary (C)	111,954	73,000	73,000	168,000
Music Instrument Usage Fee (D)	9,209	8,500	10,000	13,800
Middle School Activity Fees (E)	139,563	130,000	130,000	205,000
High School Activity Fees (F)	350,004	325,000	330,000	510,000
High School Parking Fees (G)	109,533	105,000	105,000	215,000
Community Schools Fees (H)	65,000	65,000	65,000	
Charter School Fees	6,000	7,150	6,000	30,800
Other Fees (Training Fees, Documents, Transcripts) (I)	75,656	77,000	77,500	77,500
Property Sales, Insurance Proceeds, and Miscellaneous (J)	163,064	182,500	256,500	197,000
Interest	732,747	1,375,000	1,400,000	1,125,000
E-rate (K)	849,212	1,148,000	1,148,000	1,100,000
Fund Balance			5,044,000	4,500,000
	<u>3,165,777</u>	<u>4,135,650</u>	<u>9,269,700</u>	<u>8,868,300</u>
TOTAL	<u>\$ 117,538,984</u>	<u>\$ 118,508,857</u>	<u>\$ 130,760,334</u>	<u>\$ 142,748,595</u>

Notes:

- (A) 30% projected rate increase plus opening of South Anchorage High School and East High Auditorium
- (B) Graduation Support Services - \$75 (\$50 for FY 2002-2003 and FY 2003-2004)
- (C) Summer School - \$75 per summer school session. (\$50 for FY 2002-2003 and FY 2003-2004)
- (D) Music Instrument Usage Fee - \$15 (\$10 for FY 2002-2003 and FY 2003-2004)
- (E) Middle School Activity Fees \$75 (\$50 for FY 2002-2003 and FY 2003-2004)
- (F) High School Activity Fees \$125/sport (\$75 for FY 2002-2003 and FY 2003-2004)
- (G) High School Parking Fees \$50/semester (\$25 for FY 2002-2003 and FY 2003-2004)
- (H) Community Fees - No fees are projected as the Community Schools Program has been eliminated.
- (I) Training fees - \$20 per course with continuation for FY 2004-2005
- (J) For FY 2003-2004 partial reimbursement for District principal who is the President of the National Secondary Principal Association is included; deleted for FY 2004-2005.
- (K) E-rate established by Congress to provide funding to K-12 schools for telecommunications, Internet access and internal connections (network Infrastructure).

Anchorage School District
Fiscal Year 2004-2005

COMPUTATION OF MUNICIPAL TAX LIMITATION
First Reading

Taxes Projected—Anchorage School District FY 2003-2004		\$ 144,983,658
Less: Prior Year Taxes Required for Debt Service		<u>23,493,024</u>
Net Taxes Approved for General Fund		121,490,634
Adjustment Factors		
Population 5 year Average	1.10 %	
CPI—Anchorage Urban	<u>2.29</u>	
	3.39 %	<u>4,118,532</u>
Basic Tax Limitation		125,609,166
<u>Plus Exclusions:</u> Taxes for Operations and Maintenance on New Voter Approved Facilities (1)		3,150,152
Taxes Requested on New Construction/Property Improvements (1)		<u>5,120,977</u>
Tax Limitation—General Fund		133,880,295
Taxes Requested for Debt Service (2)		<u>33,508,155</u>
TAX LIMITATION FY 2004-2005		167,388,450
General Fund	133,880,295	
Debt Service Fund	<u>33,508,155</u>	
TAXES PROJECTED IN FINANCIAL PLAN—FY 2004-2005		<u>167,388,450</u>
AMOUNT (OVER) LESS THAN TAX LIMITATION (3)		<u><u>\$ 0</u></u>

- Note:
- (1) Taxes on new construction or property improvements, excluded from the limitation the first year, are computed as follows: 7.37 mills x \$694,840,889 (estimated 2003 new construction/property improvement value verified by the Municipality of Anchorage's Office of Management and Budget) = \$5,120,977
 - (2) The taxes approved for debt service are for sold bonds approved by the qualified voters.
 - (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 2004-2005

SCHEDULE OF GENERAL FUND REVENUES FROM STATE SOURCES

First Reading

<u>State Sources</u>		FY 2002-2003 Audited Actual	FY 2002-2003 Revised	FY 2003-2004 Revised	FY 2004-2005 Projected
Alaska Public School Funding Program (A)	\$	196,473,622	200,595,696	206,308,819	202,627,150
Learning Opportunity Grant Funding (B)		8,740,024	8,726,028		
Section 93 of Senate Bill 2006 (C)		1,915,626	1,922,296		
Pupil Transportation (D)		16,874,909	16,878,500	16,237,400	17,028,333
Tuition (E)		680,659	675,000		
<u>Supplemental State Funding and Grants:</u>					
On-Base Schools (F)		408,484	408,484	408,484	408,484
McLaughlin Youth Detention Grant (F)		575,675	581,000	625,000	413,503
Community Education Grant (E)		151,906	150,000		
Providence Heights Grant (F)		85,580	90,000	90,000	90,000
Alaska National Guard Youth Corps (F)		47,006	48,000	50,000	50,000
Medicaid Reimbursement (G)		978,912	900,000	900,000	1,100,000
TOTAL	\$	<u>226,932,403</u>	<u>230,975,004</u>	<u>224,619,703</u>	<u>221,717,470</u>

Notes:

(A) Alaska Public School Funding Program - FY 2004-2005

Basic Need Equals 67,263.72 Adjusted ADM x \$4,169 Student Allocation	\$ 280,422,449
Minus 4 Mills x Foundation Defined Anchorage Assessed Valuation of \$18.438 billion	(73,751,257)
Minus Deductible Portion of Federal Impact Aid	(5,120,262)
Add \$16/ adjusted ADM for Quality Schools	1,076,220
Total Alaska Public School Funding Program Aid	<u>\$ 202,627,150</u>

(B) Learning Opportunity Grant funding rolled into the Alaska Public School Funding Program

(C) Section 93 of Senate Bill 2006 funding rolled into the Alaska Public School Funding Program

(D) Pupil Transportation - Reimbursement estimate based on FY 2002-2003 actual expenditures/number of FY 2002-2003 actual ADM less Correspondance Programs times FY 2004-2005 estimated ADM less Correspondance Programs.

(E) FY 2003-2004 and forward, Tuition and Community School Grant funding eliminated by the State.

(F) State of Alaska supplemental grant to partially fund this program; McLaughlin shows the change in funding formulae.

(G) Medicaid reimbursement for indirect health services to students who are medicaid eligible in the schools.

Anchorage School District
 Fiscal Year 2004-2005

SCHEDULE OF GENERAL FUND REVENUES FROM FEDERAL SOURCES
First Reading

	FY 2002-2003	FY 2002-2003	FY 2003-2004	FY 2004-2005
<u>Federal Sources</u>	<u>Audited</u> <u>Actual</u>	<u>Revised</u>	<u>Revised</u>	<u>Projected</u>
Federal Impact Aid	\$ 11,417,018	\$ 10,500,000	\$ 11,800,000	\$ 11,900,000
R.O.T.C.	<u>433,699</u>	<u>385,000</u>	<u>415,000</u>	<u>480,000</u>
TOTAL	\$ <u>11,850,717</u>	\$ <u>10,885,000</u>	\$ <u>12,215,000</u>	\$ <u>12,380,000</u>

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

(B) During FY 2003-2004 one R.O.T.C. instructor was added; revenues for FY 2004-2005 were increased to reflect this additional position.

ANCHORAGE SCHOOL DISTRICT
GENERAL FUND
SUMMARY OF MAJOR BUDGETED EXPENDITURE INCREASES AND REDUCTIONS
FY 2004-2005 COMPARED TO FY 2003-2004
First Reading

FY 2003-2004 Revised Budget **\$ 367,595,037**

Major Budgeted Revenue Reductions:

Alaska Public School Funding Program	(3,681,669)
Use of Fund Balance	(544,000)
Interest Earnings	(275,000)
McLaughlin Youth Detention Grant	(211,497)
Community Schools Fees	(65,000)
Property Sales, Insurance Proceeds, and Miscellaneous	(59,500)
E-Rate	(48,000)
Nonresident Tuition	(9,000)
Total Major Budgeted Revenue Reductions	(4,893,666)

Adjusted Revenues After Reductions 362,701,371

Major Budgeted Revenue Increases:

Tax Appropriation	12,389,661
Pupil Transportation	790,933
School Activity Fees	255,000
Medicaid Reimbursement	200,000
Facilities Rentals	117,500
High School Parking Fees	110,000
Federal Impact Aid	100,000
R.O.T.C.	65,000
Summer School Fees	64,500
Charter School Fees	24,800
Graduation Support Services	20,000
Other Local Revenues	7,300
Total Major Budgeted Revenue Increases	14,144,694

FY 2004-2005 Proposed Revenue Budget **\$ 376,846,065**

Summary Totals:

FY 2003-2004 Revised Revenue Budget \$ 367,595,037

Net Change (total of revenue reductions and increases) 9,251,028

FY 2004-2005 Proposed Revenue Budget **\$ 376,846,065**

ANCHORAGE SCHOOL DISTRICT
GENERAL FUND
SUMMARY OF MAJOR BUDGETED EXPENDITURE INCREASES AND REDUCTIONS
FY 2004-2005 COMPARED TO FY 2003-2004
FIRST READING

FY 2003-2004 Revised Budget **\$ 367,595,037**

Major Expenditure Increases & Decreases:

Districtwide

Pending Negotiations	1,900,000
Previously Settled Employee Contracts	11,893,613
Teacher's Retirement System Increase from 12% to 16%	6,730,856
Public Employee Retirement System Increase from 9.25% to 14.25%	2,857,568
Workers' Compensation and Unemployment Insurance Rate Increases	525,777
Contracted Services-Copier Lease (New Contract)	60,197
Utility Rate Increases (3% to 28%)	427,500
Property/Liability Insurance Rate Increases and New/Renovated Facilities	86,550
Retiree Medical Insurance/AEA Medical Exams	150,500
Total Districtwide Increases:	24,632,561

Equipment Replacement Fund	(40,388)
Indirect Costs	(229,226)
Employee Assistance	(62,700)
Travel Out-Of-District	(19,300)
Total Districtwide Decreases:	(351,614)
Total Districtwide Changes:	24,280,947

Elementary

Increase in Pupil/Teacher Ratio by 1.5 (60.5 FTE)	(3,859,073)
Elementary & Secondary Classroom Teachers Based on Enrollment (18 FTE)	(1,148,154)
Full Day Kindergarten Aides - Reduced by 50 Percent (35.437 FTE)	(790,998)
Library/Media Assistant (2.5 FTE)	(50,665)
Slingerland Assessments and Secretary (1 FTE)	(63,316)
Assistant Principals - (2 FTE)	(161,768)
Summer School Reduced by 50 Percent	(250,187)
Addenda for Student Activities Reduced	(98,000)
10% Supply/Equipment Allocation/Emergency Funds	(266,966)
Great Body Shop Books	(85,000)
Reading Initiative	(362,200)
Learning Opportunity Grant Funds to Schools (LOG)	(895,867)
Renovation at Ptarmigan (.5 FTE Custodian and Utilities)	23,630
Total Elementary Changes:	(8,008,564)

Charter Schools

Enrollment Adjustments	542,331
Total Charter Changes:	542,331

Special Education

Coordinator, Mt Iliamna Preschool (1 FTE)	88,828
Behavior Strategist for Gifted Program (1 FTE)	53,167
Added Duty (\$17,231), Extra Help (\$24,839) and Headstart Contract (\$44,660) for Speech/Language (1.5 FTE Conversion)	86,720
Total Special Education Increases:	228,715
Principal, Mt. Iliamna Preschool, (1 FTE)	(80,452)
Special Services Teacher converted to Behavior Strategist for Gifted Program (1 FTE)	(61,856)
Special Services Teachers for Speech/Language (1.5 FTE)	(92,707)
Crossroads Building Rental Transferred to High Schools	(82,350)
10% Supply/Equipment Allocation	(88,644)
Tuition for Students Attending School Out of State as Part of Their I.E.P	(19,000)
Contracted Teacher Assistant Instructional Services at Jesse Lee	(19,000)
Total Special Education Decreases:	(444,009)
Total Special Education Changes:	(215,294)

Bilingual Education

Funds to Support Multicultural Infusion into Overall Curriculum and Supplies	(35,300)
Total Bilingual Changes:	(35,300)

Middle Schools

Middle School Classroom Teachers Based on Enrollment (1.5 FTE)	(95,085)
Increase in Pupil/Teacher Ratio by 1.5 (16 FTE)	(1,014,236)
Middle School Concept Time and Seventh Period (54 FTE)	(3,423,048)
Library Aides (8.314 FTE)	(290,464)
Assistant Principals (2 FTE) Wendler and Central	(183,826)
Summer School Reduced by 50 Percent	(211,459)
Middle Level Reading Adoption Program Training	(85,262)
10% Supply Allocation Reduction	(84,275)
Middle School Older Learning (MOST) and Discretionary School Grants	(258,500)
Activity Trips	(24,000)
Renovation at Wendler (.5 FTE Custodian and Utilities)	23,510
Total Middle School Changes:	(5,646,645)

High Schools

High School Classroom Teachers Based on Enrollment (2.5 FTE)	158,490
ROTC Instructor at Dimond HS (1 FTE)	66,406
Opening of South Anchorage (ORG 1860 only)	2,690,145
Crossroads Building Rental Transferred from Special Education	82,350
New Equipment (Servers/Printers for Remediation Workstations)	99,000
High School Graduation Exam Testing Support, Supplies and Remediation Courses	375,920
Total High School Increases	3,472,311
Increase in Pupil/Teacher Ratio by 1.5 (26 FTE)	(1,648,298)
Nurse at Benny Benson (.5 FTE) and SAVE (.5 FTE)	(63,390)
Assistant Principal, King Career Center (1 FTE)	(81,362)
Safety/Security - Home/School Coordinator, King Career Center (.5 FTE)	(17,549)
Extra Help During Construction at High Schools and Wendler	(134,530)
Pupil Activity Expenses	(29,000)
Activity Trips	(100,000)
Reduce Funding for Graduation Support Services	(66,139)
10% Supply Allocation Reduction	(203,242)
Eliminated Swimming as a PE Instructional Class	(186,840)
Elimination of "C" Teams	(175,113)
Schools of Choice	(15,000)
Drug/Alcohol Case Manager	(25,000)
Ice Rental Time for Girls/Boys Hockey	(11,095)
Student Travel	(5,000)
Title IX/OCR Girls' Athletic Participation	(18,000)
Paideia Project	(30,000)
Total High School Decreases	(2,809,558)
Total High School Changes	662,753

Instructional Support

Assessment and Evaluation Web-Based Reporting, Supplies, Mileage and 3 FTE	195,211
Alaska Studies Textbooks/On-line Course	381,000
Total Instructional Support Increases:	<u>576,211</u>

Districtwide Music (net 3.2 FTE) 3.7 FTE eliminated, .5 FTE added for South Anchorage	(204,115)
Curriculum and Instructional Services Addenda, Substitute Teachers, Contracted Services, Supplies	(61,970)
Curriculum & Instructional Svc Unallocated Transferred to Assessment and Evaluations for 3 FTE positions	(200,000)
Contracted Services Instruction - Library Automation Computer Services	(49,920)
Curriculum and Instructional Services Teacher Stipends - Curriculum Lesson	(120,000)
Addenda, Supplies and Materials for Staff Development	(27,883)
Instructional Materials Assessment and Evaluation Added Days, Substitute Teachers, and Teaching Supplies	(41,160)
Total Instructional Support Decreases:	<u>(705,048)</u>
Total Instructional Support Changes:	<u>(128,837)</u>

Administration/Support Services/Community Education & Community Services

Maintenance Craft Specialists for Ptarmigan Elementary, Wendler MS, and South Anchorage HS - 5 FTE	319,291
Bus Attendant - 1 FTE	21,100
Maintenance Contracted Services-Administration	20,120
Fuel, Oil, Grease & Lube	8,009
Total Administration/Support Services/Community Education & Community Services Increases:	<u>368,520</u>

Administrative Assistant, Community Resources (1 FTE)	(50,062)
Community Schools Program (13 FTE)	(679,845)
Administrative Assistant, Community Services (1 FTE)	(50,062)
Sr. Budget Clerk (1 FTE)	(39,527)
Transfers Capital Projects Fund (1.2 FTE) - .5 Custodian, .5 Information Technology Specialist, .2 Executive Secretary	(56,174)
Administrative Assistant, Purchasing (1 FTE)	(39,641)
Permanent Substitute Crew Custodians (5 FTE)	(130,000)
Custodial Training Supervisor (1 FTE)	(66,576)
Maintenance Supervisor (1 FTE)	(77,827)
Warehouse Courier (1 FTE)	(50,531)
Permanent Substitute Bus Drivers (8 Drivers)	(156,185)
Sick Leave Bank Classified	(26,560)
Contracted Maintenance Projects	(186,900)
Utilities Transfer to Capital Projects Fund	(27,614)
Contracted Transportation	(90,086)
10% Supplies and Materials/Meals & Food	(46,224)
Expendable Equipment, Replacement and New Equipment	(246,720)
Legal Fees	(25,000)
Superintendent's Memberships and Community Organization Funding to Support School Board	
Goals for Public and Parent Involvement	(18,000)
Asst Superintendent-Instruction Special Projects and School Business Partnership After School Activities	(28,600)
Human Resources Contracts for Consultation, Interpreter Services and Recruitment	(35,000)
MIS/Technology Software Licenses/Training	(33,247)
MIS/Technology Computer Equipment Repair/Hardware Maintenance Contracts	(40,862)
Publication Services Printing of Annual Reports, Handbooks, Budget Documents and Binding	(39,500)
Publication Services Advertising and Public Awareness Campaigns	(11,270)
Public Affairs Closed Caption Services, Photography and Mailing Services	(16,000)
Custodial Contracted Services - Reduction in Window Washing; Pest Control	(37,500)
Maintenance Contracted Services - Grounds	(129,150)
Maintenance Contracted Services - Buildings	(56,314)
Maintenance Buildings/Grounds/Custodial Supplies and Repair Parts	(114,038)
Total Administration/Support Services/Community Education & Community Services Decreases:	<u>(2,605,015)</u>
Total Administration/Support Services/Community Education & Community Services Changes:	<u>(2,236,495)</u>

Total major Budgeted Expenditure Increases	29,820,649
Total Major Budgeted Expenditure Reductions	<u>(20,605,753)</u>
Net Change	<u>9,214,896</u>
Rounding	36,132

FY 2004-2005 Proposed Budget **\$ 376,846,065**

NOTE:

These amounts reflect the reduction amount. To add staff back to the FY 2004-2005 Financial Plan, the amount would increase based on negotiated contract increases as well as payroll taxes and benefit rate increases.