

ANCHORAGE SCHOOL DISTRICT  
ANCHORAGE, ALASKA

ASD MEMORANDUM #179 (2005-2006)  
11, 2006

January

TO: SCHOOL BOARD

FROM: OFFICE OF THE SUPERINTENDENT

SUBJECT: FY 2006-2007 PRELIMINARY FINANCIAL PLANNING

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

PERTINENT FACTS:

The accompanying budget document contains the Anchorage School District's FY 2006-2007 Preliminary Financial Plan. The total budget recommended is \$607,436,756. This includes individual fund budgets currently projected as follows:

	<u>FY 2006-2007 Financial Plan</u>
General Fund	\$ 466,126,541
Food Service Fund	15,000,000
Debt Service Fund	77,310,215
Local/State/Federal Projects Fund	<u>49,000,000</u>
Total - All Funds	<u>\$ 607,436,756</u>

**THE BUDGETING PROCESS**

The budget provides a blueprint for the Anchorage School District's educational goals. When developing the budget, the Anchorage School District has an obligation to its many stakeholders—the students, parents, employees, and community members—to consider each group's priorities and balance them with the District's stated mission of educating all students for success in life. The FY 2006-2007 budget projections reflect the District's on-going efforts to achieve this balance, maximize performance and contain costs.

These projections for FY 2006-2007 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 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 Goals and Mission of "educating all students for success in life".

Input from prior year budget review teams' recommendations, community members, students and staff members resulted in a change or elimination of existing programs and/or implementation of new ones. The focus still remains on evaluating the need for additional staff, supplies, and other operating expenses. Efficiencies were achieved through better resource management or teaming with other agencies.

On November 7, 2005, a School Board FY 2006-2007 financial planning work session was held. A pro forma revenue and expenditure budget was presented based on the information known then. At that time the Administration projected that the District faced a \$1.9 million fiscal gap for FY 2006-2007. 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 the

work session the School Board provided guidance to the Administration to proceed with the Governor's educational funding plan which adjusted the base student allocation from \$4,919 to \$5,347, an increase of \$428. In addition, the School Board gave direction not to use the undesignated fund balance as a funding source.

On November 14, 2005, the School Board authorized the Superintendent to prepare the Anchorage School District's FY 2006-2007 Preliminary Financial Plan. Guidance was given that directed the Administration to build a budget in accordance with the financial projections set forth at that time using the Governor's proposed funding level. However, on December 15, 2005, the Governor's budget was officially announced providing an additional \$5 increase to the base student allocation for a new total of \$5,352. The new amount of \$5,352 was incorporated into the FY 2006-2007 Preliminary Financial Plan. Authority was also given 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. At that time it was projected that expenditures would exceed projected revenues by approximately \$1.8 million.

During the past two months as the Administration proceeded forward in preparing a FY 2006-2007 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 2006-2007 Preliminary Financial Plan totaling \$607,436,756. Expenditures have been brought into balance with revenues by making reductions. Eliminating the fiscal gap while allowing for some enhancements was not accomplished without directly impacting instructional programs. Some reductions were made as a result of efficiencies through better resource management; some were made in order to provide for some enhancements aligned with the Six-Year Instructional Plan and School Board Goals. As the Administration**

**presents the budget to the School Board on January 11 and 17, program reductions, enhancements and realignments will be identified.**

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 FY 2006-2007 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. The following schedule summarizes the actual or projected student enrollment information for FY 2003-2004 through FY 2006-2007 on both a full count and FTE basis.

	Actuals 2003-2004 <u>9/30/03</u>	Actuals 2004-2005 <u>9/30/04</u>	Actuals 2005-2006 <u>9/30/05</u>	Projected 2006-2007 <u>9/30/06</u>
Total Number	49,663	49,454	49,589	49,378
Change over previous year		(209)	135	(211)
FTE (Full-Time Equivalent)	49,431	49,239	49,353	49,116

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. Since the announcement of the Governor's educational funding plan on December 15, 2005, and the inclusion of this plan in preparing the District's FY 2006-2007 Preliminary Financial Plan, the District's fiscal gap was reduced. The School Board and the Administration appreciate the Governor's recognition of the need for increased K-12 education funding, and the additional need to mitigate the extraordinary increases in Public Employee's Retirement System (PERS) and Teacher's Retirement System (TRS) employer contributions. The District appreciates the prominent placement of early and increased K-12 education funding on the Governor's legislative agenda. Hopefully, during this upcoming legislative session, the Legislature will continue to advocate for all of the students in our communities with early approval of the Governor's educational funding package and also advocate for additional increases in revenues supporting public education to ensure solid education programs continue which are very important in increasing student achievement and performance.

This Program is expected to provide approximately 59 percent of the District's General Fund revenues. The Governor's educational funding proposal to increase the base student allocation amount to \$5,352 (an increase of \$433 over FY 2005-2006) and continuation of the Quality School Grant at \$16 per pupil, provides for more State revenues for FY 2006-2007. Based on current enrollment projections, the amount of funding for FY 2006-2007 is \$273.653 million, which is \$27.293 million more than the current FY 2005-2006 budget. One factor that impacts the projected level of funding is the \$2.426 billion increase in State assessed property valuation for the Municipality. The increase in the assessed valuation results in larger required deductions causing a loss of approximately \$4.852 million in the Alaska Public School Funding formula calculation.

The Alaska Public School Funding program is based on the average daily membership (ADM)—determined by the District's enrollment and special education intensive count—processed through a school size factor and special needs formulae to establish the District's "basic need". The required local 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 "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 State of Alaska Department of Commerce has notified the District that the assessed valuation for Anchorage has increased from \$22.651 billion to \$25.077 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 2006-2007 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, operation and maintenance on new voter-approved facilities and new construction.

The projected inflation rate used for planning purposes is 2.60 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 will not be available until February 2006. As determined by the State Department of Community and Regional Affairs, the five-year Anchorage municipal population change used for planning purposes is 1.46 percent, with the official percentage growth not available until late January 2006. The projected combined rate of 4.06 percent for FY 2006-2007 is .09 percent more than the current rate of 3.97 percent for FY 2005-2006.

Included in the revenue projections are taxes associated with the completion of Bartlett Phase 2B—(new auditorium, renovated classrooms and new south entry) and renovations/upgrades to the mechanical and electrical systems, site improvements and additional classrooms and gym for Polaris K-12 School.

It is anticipated that these increases—and increased taxes allowed on new construction or property improvement—will increase the amount of taxes available in the General Fund by approximately \$10.1 million. However, the Anchorage Assembly must first consider and approve the District's local property tax request.

**Federal Impact Aid**—The revenue projection for Federal Impact Aid has been projected at 100 percent of projected entitlement, an anticipated \$13.5 million. Uncertain at this time is any student enrollment adjustment as a result of the deployment of military personnel and the relocation of their families. The outcome of these military decisions will have an impact on future funding.

The amount of Federal Impact Aid revenue each year is uncertain because it is subject to pro-ration based on the annual funding appropriated by Congress. In addition, the percentage of the total number of federally-connected students to

the total number of students the State has direct responsibility for—including military students and children educated at Mt. Edgecumbe—and potential formula changes, could result in fluctuations in Federal Impact Aid funding to the District. This coupled with the fluctuation from year-to-year in the number of students living on military land, which can partially result from on base/post housing renovations, adds to the uncertainty of Federal Impact Aid revenue during the budget process.

This Program is subject to annual Congressional appropriation and should be monitored. We do not know, for example, if the District will receive prior year adjustment payments during FY 2006-2007.

**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, 2005, the undesignated fund balance was approximately \$21.878 million, which is 4.69% of the FY 2006-2007 Preliminary Financial Plan. **At this time, based on guidance from the School Board in November, the Administration did not include the use of fund balance as a funding source.**

**Pupil Transportation Reimbursement**—The preliminary FY 2006-2007 revenue projection for Pupil Transportation is based on the State transportation funding mechanism adopted in July 2003 that caps the per student allocation at the 2003 level with inflationary adjustments established at one-half the Anchorage consumer price index in 2004 and 2005. The inflationary provision expires at June 30, 2006; therefore the projections do not include a CPI adjustment. Hopefully, during this upcoming legislative session, the Legislature will include a funding mechanism to offset the rising costs of transporting our students due to increasing fuel costs.

**User Charges and Fees**—During FY 2005-2006, the Administration developed a Rentals Task Force Committee to gather information about the facility rental process and to determine whether the current fee structure accurately captured the costs associated with renting District facilities to outside user groups. The committee recommended that fees associated with classroom spaces (both elementary and secondary) and auditoriums be increased in order to capture the true costs associated with the usage of these areas. The changes in the fees structure for selected areas are approximately 10 - 12% over the current fee

schedule. The recommended increase, along with the opening of the Bartlett High Auditorium, should generate facility rental revenues of \$623,000.

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 further review of rate adjustments, the music instrument usage fee was adjusted from \$25 to \$35 per instrument; summer school at the elementary and middle levels was increased from \$75 to \$80; summer school for high school was increased from \$75 to \$85; and a new fee for FY 2006-2007 will be a credit recovery fee set at \$85. The following schedule shows the FY 2006-2007 proposal as compared to FY 2005-2006:

	<u>FY 2005-2006</u>	<u>FY 2006-2007</u>
Summer School – Elem/Middle	\$75 per course	\$80 per course
Summer School High School	\$75 per course	\$85 per course
High School Credit Recovery	-0-	\$85 per course
Music Instrument Usage Fee	\$25 per instrument	\$35 per instrument
Middle Level Activity Fees	\$75 per activity	No Rate Change
High School Activity Fees	\$125 per activity	No Rate Change
High School Parking Fees	\$50 per semester	No Rate Change
Facility Rental Fees	\$572,000	<b>Rate Adjustments</b>
Family Cap for Activity Fees	\$300	No Cap Change
Court Ordered Wage Processing Fees	\$5.00/request	\$5.00/request
Special Services to Employees	\$15.00/request	\$15.00/request

**Medicaid**—Based on an assertive action plan by the District to ensure that the funding is obtained, it is estimated that the District will receive approximately \$1,000,000 in Medicaid funding. With the assistance from the Department of Health and Social Services (DHSS), it is estimated that the District will receive approximately \$350,000 more than currently included in the projections for FY 2005-2006. Due to a low statewide response rate to the DHSS’s Medicaid-eligible administrative surveys for the 2004-2005 school year, (the source data which generate the Federal reimbursements to school districts), the District has been working closely with DHSS to ensure that we obtain the level of funding that the District is eligible for. The DHSS has established procedures that will make the process less cumbersome for districts. They have put the survey form on-line and have provided training to the District. The Administrative staff at DHSS felt that with revised procedures and training the revenues should return to prior levels. The District has put in place guidelines to secure training for personnel randomly selected by DHSS and will monitor this closely to ensure that we maximize the amount of revenues the District is eligible to receive.

**E-Rate**—The District has received the funding commitment letter from the Universal Service Administrative Company (USAC) for FY 2005-2006. There are

no significant program changes that would alter FY 2006-2007 revenue projections from the FY 2005-2006. 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 submitted from the budget review teams, and the suggestions received from interested community members, staff, students, and the administration through community forums and the ASD website, 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 more than 87 percent of the operating cost of the District. The projections include consideration for contract negotiations for Anchorage Education Association (AEA), Bus Drivers and Attendants and contracts with “me too” clauses. 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 settled contracts have been included in the projections. Funding for mandatory retirement increases for certificated retirement (21 percent to 26 percent) and classified retirement (19.25 percent to 24.25 percent), and payroll tax adjustments known at this time are also included in the expenditure projections.

**Average Teacher Salary**—Contributing factors that determined the average teacher salary used included 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 projections set forth for September 30, 2006. Official projections are based on actual enrollment as of September 30, 2005.

**Certificated Teaching Positions**—Budgeted teaching staff is based on the FY 2005-2006 PTR (pupil to classroom teacher staff ratios). Adjustments have been included for staffing based on enrollment changes, program realignment, transfer of staff from grant funds due to shortfall in grant funding, and for staff requirements based on rural-urban transitioning and immigration from other

countries that provides the District with a wealth of opportunities with 94 languages spoken in the Anchorage Schools other than English.

FY 2006-2007

Kindergarten (FTE)	20.75 to 1
Grade 1	21.25 to 1
Grades 2-3	24.25 to 1
Grades 4-6	27.25 to 1
Grades 7-8	25.79 to 1
Grades 9-12	27.33 to 1
Special Education	Staffing is based upon demonstrated need and program (consistent with current year)

**Indirect Cost**—In addition to charging eligible grants, the Administration plans to continue the practice put in place for charging the Food Service Fund at the State approved indirect cost rate. This more accurately reflects the cost of services provided to the Food Service Fund by various departments budgeted in the General Fund. The indirect cost rate is anticipated to change from 4.78 to 3.84 percent. It is anticipated that by early spring 2006 the District will be appraised of the approved indirect cost rate for FY 2006-2007.

**Contracted Services**—Where appropriate, an inflationary adjustment to contracts were granted. A very close review of actual contracted services determined if inflationary increases were warranted. If other known rate increases were warranted, they were included in the budget. Utilities are budgeted based on analysis of usage and cost saving measures being taken, and are then adjusted according to projected rate increases and/or decreases as announced by the utility agencies. With rate adjustments and review of actual expenditures, 3 percent to 20 percent increases for the utilities were projected.

**Pupil Transportation**—Contracted pupil transportation routes for FY 2006-2007 include an estimated increase based on COLA of 2.6 percent. It is hoped that the Legislature will adjust the revenue formula to provide for COLA increases.

**Major Maintenance**—The Administration recommends maintaining the funding level for major maintenance projects of \$2.483 million for some of the District's more than 93 school facilities. As our facilities continue to age, periodic maintenance must take place on a regular basis to keep the buildings in good repair for optimum safety and efficiency. The community has voiced strong support for prioritizing this use of funds.

**Supplies**—In general, the supply accounts stayed the same. Some departments, however, may show an increase in supplies based on departmental need to service the total District program requirements (i.e., fuel requirement to run District buses and vehicles and the recent postage increase).

**Equipment**—Replacement equipment purchases between \$5,000 and \$50,000 will be purchased from the Equipment Replacement Fund. The FY 2006-2007 Preliminary Financial Plan includes only a small amount of funds for expendable equipment other than the amount included in the student supply/equipment allocation.

**Additions**—Included in our expenditure projections are costs associated with the completion of Bartlett High School (Phase 2B) and the renovation/addition at Polaris K-12.

**Major Expenditure Reductions**—The major program reductions/eliminations and the positions that were required to be eliminated in the FY 2006-2007 budget in order to bring expenditures in balance with projected revenues are as follows:

- Eliminate High School Assistant Principal -1 FTE (\$115,200)
- Eliminate Elementary Assistant Principals - 2 FTE (\$222,500)
- Elimination of Middle School Elective Team Planning Time - 9 FTE (\$703,800)
- Reduce Counselors at Middle Level - 2 FTE (\$156,400)
- Eliminate Director Position - 1 FTE (\$121,840)
- Eliminate Safety Home School Coordinator - 1 FTE (\$44,200)
- Reduce Full Day Kindergarten Teacher Assistants - 17.8 FTE (\$525,700)
- Reduce Elementary Library Assistants - 1.5 FTE (\$40,300)
- Reduce funding for Learning Interventions - Elementary (\$299,878)
- Reduce funding for Learning Interventions - Middle Level (\$119,792)
- Reduce funding for Learning Interventions - HSGQE (\$50,000)
- Reduce Curriculum and Instructional Program Items (\$117,000)
- Reduce Operations Supplies and Equipment (\$66,300)

**Major Expenditure Enhancements**—Other program changes that will enhance departments across the district:

- IA Gifted Program - Kindergarten Teacher - 1 FTE (\$78,100); and Teacher Assistant - .5 FTE (\$12,500)
- Mentorship Coordinator - 1 FTE (\$78,100)
- Secondary Teacher for the Gifted Program - 1 FTE (\$78,100)
- Psychologist and testing materials - 1 FTE (\$87,800)
- Pre Algebra and World Language Teachers for Middle School Zero Hour - 3 FTE (\$234,600)
- Continuation North - 1 FTE Principal, 2 FTE Teachers, and 1 FTE Clerical (\$314,400);
- King Career Center (KCC) Third Session addenda for late afternoon/early evening - (\$212,000)

**Other Position Increases**—The following program positions were transferred from grant funding, were added due to the addition/renovation to Bartlett (Phase 2B) and Polaris K-12 Schools, or were added based in increased student participation, to provide better service to the community:

Previously Grant Funded:

- District Accountability Director - 1 FTE (\$120,700)
- Social and Emotional Learning/Change of Heart Program - .7 FTE (\$58,700)  
This also includes addenda, substitute teachers, and supplies

Operation and Maintenance

- Maintenance - 1 FTE (\$90,760); Custodians - 2.5 FTE (\$86,200) for Operations and Maintenance for Bartlett and Polaris K-12
- Auditorium Technician - 1 FTE (\$74,500)

Increased Student Participation:

- R.O.T.C. Instructors - 3 FTE (\$248,500) (The student participation level warrants one at East and two at Eagle River)

## **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 2006-2007 budget has been increased from \$14.5 to \$15.0 million to accommodate the employee negotiated contracts, the mandated classified retirement increase from 19.25 percent to 24.25 percent, and upward movement in food costs.

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

The Administration is recommending the use of the Food Service Fund fund balance for the FY 2006-2007 Food Service Fund budget. The undesignated fund balance for the Food Service Fund as of June 30, 2005 was approximately \$853,900. Use of the undesignated fund balance of \$193,160 is being recommended to support the FY 2006-2007 Food Service budget. This will leave an approximate amount of \$660,700, which is 4.40 percent of the FY 2006-2007

Food Service Fund budget as presented in this memorandum. **These projections do not reflect any increase in elementary and middle 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 2006-2007.

**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, refinancing of outstanding bonds, and receipt of additional State revenues, the District is able to use accumulated fund balance as a revenue source, thereby reducing the amount being requested for local taxes. The projections include the anticipated sale of \$48.495 million of bonds in the first quarter of FY 2006-2007 related to the April 2003 and April and November 2004 voter-approved propositions. Potential bond propositions for April 2006 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 receiving increased 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 2006-2007 grants may increase approximately \$1.0 million based on current year receipts and further discussion with grant writers.

**FISCAL YEAR BUDGET COMPARISON**

The following schedule compares by fund the FY 2006-2007 projected revenue/expenditures with those currently approved for FY 2005-2006. At this time, unknowns still remain such as contract negotiations and mandated services that may require funding.

<u>REVENUE/EXPENDITURE BUDGETS</u>			
<u>Fund</u>	<u>Revised Budget FY 2005-2006</u>	<u>Preliminary Budget FY 2006-2007</u>	<u>% Over /(Under) Prior Year</u>
General	\$ 433,003,676	\$ 466,126,541	7.65%
Food Service	14,515,771	15,000,000	3.34%
Debt Service	76,686,739	77,310,215	0.81%
Local/State/Federal Projects	<u>48,000,000</u>	<u>49,000,000</u>	2.08%
All Funds	<u>\$572,206,186</u>	<u>\$ 607,436,756</u>	6.16%

TAXES	Revised	Preliminary	Increase
	<u>FY 2005-2006</u>	<u>Budget FY 2006-2007</u>	
General Fund	\$144,322,321	\$154,471,241	\$10,148,920
Debt Service	<u>32,834,680</u>	<u>36,344,912</u>	<u>3,510,232</u>
All Funds	<u>\$177,157,001</u>	<u>\$190,816,153</u>	<u>\$13,659,152</u>

#### STUDENT ENROLLMENT PROJECTIONS

	FY 2005-2006 Actuals <u>Sept. 30, 2005</u>	FY 2006-2007 Projected <u>Sept. 30, 2006</u>	Change Over Prior <u>Year's Actual</u>
Enrollment	49,589	49,378	(211)
Full Time Equivalent (FTE)	49,353	49,116	(237)

In preparing the FY 2006-2007 Preliminary Financial Plan, many budget development uncertainties still face the District.

- Legislative action
- School Board areas of interest
- Community, staff, and students recommendations including prior year's recommendations
- Projected enrollment
- FY 2006-2007 – Contract negotiations AEA (Anchorage Education Association) and Bus Drivers and Attendants
- ESEA-No Child Left Behind requirements
- Further evaluation of current/new fees
- Six-Year Instructional Plan
- Assessment/Testing Impact
- State of Alaska Quality Schools Initiative
- Implement Technology Plan
- CPI and 5-year average population growth used for local tax limitation not finalized until February 2006
- New construction and assessed valuation used for local tax limitation not finalized until March/ April 2006
- Federal Impact Aid subject to annual appropriation
- State Pupil Transportation Reimbursement – Current State formula which includes a provision for COLA expires June 30, 2006

## SUMMARY

Our assumptions in preparing the FY 2006-2007 Preliminary Financial Plan are based on, but not limited to, the following criteria:

- Alaska Public School Funding Program – Implemented the Governor’s increase to base student allocation from \$4,919 to \$5,352, a \$433 increase
- Balanced budget for presentation to the Anchorage Assembly – Expenditures equal Revenues
- Local Property Taxes – Full amount available under the property tax limitation
- Quality Schools Grant – no increase to per pupil amount of \$16

CC/JS/MSL

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