

ANCHORAGE SCHOOL DISTRICT
ANCHORAGE, ALASKA

ASD MEMORANDUM #180 (2005-2006)

February 2, 2006

TO: SCHOOL BOARD

FROM: OFFICE OF THE SUPERINTENDENT

SUBJECT: FY 2006-2007 PROPOSED FINANCIAL PLANNING
(SECOND READING)

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

RECOMMENDATION:

It is the Administration's recommendation that the School Board approve and authorize the Superintendent to prepare the Anchorage School District's FY 2006-2007 Proposed Financial Plan as set forth in the projected revenue and expenditure schedules in the memorandum (Attachment A). The total budget recommendation is \$607,873,223. This includes individual fund budgets currently projected as follows:

	<u>FY 2006-2007 Financial Plan</u>
General Fund	\$466,563,008
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>\$607,873,223</u>

The total of local tax contribution to be requested is \$191,249,120.

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

adjustments, voter-approval of April 2006 ballot propositions, and the upper limit of the local tax cap.

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 2006-2007 budget projections reflect the District's on-going efforts to achieve this balance, maximize performance and contain costs.

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

The Administration presented the FY 2006-2007 Preliminary Financial Plan to the School Board on January 11 and 17, 2006. The Superintendent gave a general overview and then each administrator presented his/her budget identifying any major changes, including program realignments.

First Reading of FY 2006-2007 Proposed Financial Plan

The School Board considered the FY 2006-2007 Proposed Financial Plan at a special meeting on January 26, 2006. Revisions were made to the General Fund. No revisions were made to the Food Service, Debt Service or the Local/State/Federal Projects Funds. The School Board's revisions during the first reading of the proposed budget are summarized on Attachment D. Listed below is a brief description of the revisions made to the General Fund.

General Fund

Revenue Revision

The General Fund Revenue Budget increased from \$466,126,541 to \$466,130,041 for an increase of \$3,500. The \$3,500 increase to revenues during the first reading will come from the additional \$5 increase to the music instrument fee. The preliminary budget included a music instrument fee increase of \$10; from \$25/instrument to \$35/instrument. The additional \$5 will increase the music instrument fee amount to \$40/instrument for FY 2006-2007.

Expenditure Revisions

The General Fund Expenditure Budget increased from \$466,126,541 to \$466,130,041 for an increase of \$3,500. The \$3,500 increase to expenditures will be included in the Non-Departmental unallocated line item until it is determined what expenditure(s) the \$3,500 will go towards.

Upon further review and discussion, the Superintendent is recommending a reduction in High School Unallocated Secondary Resources (1899) from the HSGQE line item of \$40,000, to be redirected to the Paideia line item of \$40,000.

Adjustment to the FY 2006-2007 Proposed Financial Plan since the First Reading

The Municipality of Anchorage's Office of Management and Budget (OMB) notified the District this week of the official Consumer Price Index (CPI) rate that should be used in the tax cap calculation. The updated rate of 3.1 percent for 2005 for Anchorage is more than the 2.6 percent used by the District for FY 2006-2007 budgetary planning. The CPI adjustment results in an **increase** of \$721,612. The OMB staff also notified the District of a decrease in the official average five-year Anchorage municipal population. The decrease from 1.46 percent to 1.26 percent results in a **loss** of \$288,645. These two components of the tax cap computation result in a net increase of \$432,967. At this time however, the local property tax calculation that generates the local tax contribution has not been finalized because the official new construction property improvement amount has not been finalized. The new construction and property improvement amount will not be finalized until late March/early April. **The \$432,967 increase in revenue has been included in this memorandum; however, until the new construction component of the tax cap calculation, and the ongoing education funding discussions by the Legislature and interested parties are finalized, it is suggested that the School Board not make any expenditure adjustments at this time. The \$432,967 has been included in the Non-Departmental unallocated line item.** The total budget recommendation for the four funds—General, Food Service, Debt Service and Local/State/Federal Projects Funds - has been adjusted to reflect the General Fund revisions. The revised total of the FY 2006-2007 Financial Plan is \$607,873,223. As updated information is provided it will be included in the FY 2006-2007 Financial Plan before submittal to the Assembly.

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. We are monitoring the state's "Bring Our Children Home" initiative carefully as the 60 projected students will all qualify for an ASD education. These students are not included in these projections.

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 Proposed 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 the current 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. The district administration and the School Board have discussed many programs they would implement with adequate resources.

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 less funding 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 official inflation rate for 2005 was 3.10 percent. This rate is being used by both the District and the Municipality of Anchorage in the property tax limitation calculations. As determined by the State Department of Community and Regional Affairs, the average five-year Anchorage municipal population change is 1.26 percent. The projected combined rate of 4.36 percent for FY 2006-2007 is .39 percent more than the current rate of 3.97 percent for FY 2005-2006.

Included in the revenue projections are voter-approved 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 \$10.6 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 proration 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 Proposed 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 proposed 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 the current 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 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 \$40 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	\$40 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	Rate Adjustments
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 percent 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 contract award but will need to be reviewed in the spring. 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. This is in addition to our ongoing preventative maintenance budget of \$17 million. 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 Proposed 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 (\$653,300)
- Reduce Counselors at Middle Level - 2 FTE (\$145,200)
- 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)
- Gifted Program Mentorship Coordinator - 1 FTE (\$78,100)
- Secondary Teacher for the Gifted Program - 1 FTE (\$78,100)
- Psychologist and testing materials - 1 FTE (\$87,800)
- Special Education Teacher Assistants – 36.625 FTE (\$1,433,650)
- Special Education Teachers – 13 FTE (\$1,016,600)
- Pre Algebra Zero Hour and Elective World Language Teachers for Middle School - 3 FTE (\$234,600)
- Continuation Program 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:

- J.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>Proposed Budget FY 2006-2007</u>	<u>% Over /(Under) Prior Year</u>
General	\$433,003,676	\$466,563,008	7.75%
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>\$607,873,223</u>	6.23%

TAXES	<u>Revised FY 2005-2006</u>	<u>Proposed Budget FY 2006-2007</u>	<u>Increase</u>
General Fund	\$144,322,321	\$154,904,208	\$10,581,887
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>\$191,249,120</u>	<u>\$14,092,119</u>

STUDENT ENROLLMENT PROJECTIONS

	<u>FY 2005-2006 Actuals Sept. 30, 2005</u>	<u>FY 2006-2007 Projected Sept. 30, 2006</u>	<u>Change Over Prior 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 Proposed 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 and new Student Information System
- 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
- Oil Prices

SUMMARY

Our assumptions in preparing the FY 2006-2007 Proposed 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

Attachments

CC/JS/MSL

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

Anchorage School District
Fiscal Year 2006-2007

**PROJECTED REVENUES AND EXPENDITURES SUMMARY
USING THE GOVERNOR'S FY 2006-2007 FUNDING PROPOSAL
Second Reading**

Fund	Revenues and Fund Balance				FY 2006-2007 Revenue/Source Projections	FY 2006-2007 Expenditure Projections
	Local Taxes	Other	State	Federal		
General	\$ 154,904,208	\$ 4,847,800	\$ 291,696,000	\$ 15,115,000	\$ 466,563,008	\$ 466,563,008
Food Service	0	6,593,311	0	8,406,689	15,000,000	15,000,000
Debt Service	<u>36,344,912</u>	<u>2,167,000</u>	<u>38,798,303</u>	<u>0</u>	<u>77,310,215</u>	<u>77,310,215</u>
	191,249,120	13,608,111	330,494,303	23,521,689	558,873,223	558,873,223
Local, State and Federal Projects	<u>0</u>	<u>645,047</u>	<u>1,097,434</u>	<u>47,257,519</u>	<u>49,000,000</u>	<u>49,000,000</u>
TOTAL	\$ <u>191,249,120</u>	\$ <u>14,253,158</u>	\$ <u>331,591,737</u>	\$ <u>70,779,208</u>	\$ <u>607,873,223</u>	\$ <u>607,873,223</u>
Percentage of Revenue Sources to Total Revenue Projections	31.46%	2.35%	54.55%	11.64%	100.00%	

**Computation of Total Taxes
for Calendar Year 2006**

			<u>General Fund</u>	<u>Debt Service Fund</u>
Amount required to fund second half of Adopted FY 2005-2006 Budget: January 1, 2006/June 30, 2006	\$177,157,001 x 50% =		\$ 72,161,161	\$ 16,417,340
Amount required to fund first half of Adopted FY 2006-2007 Budget: July 1, 2006/December 31, 2006	\$191,249,120 x 50% =		<u>77,452,104</u>	<u>18,172,456</u>
TOTAL Taxes for Calendar Year 2006			\$ <u>149,613,265</u>	\$ <u>34,589,796</u>
Total Taxes for Calendar Year 2006				
1) <u>Total Taxes 2006</u>	<u>\$ 184,203,061</u>	= 7.31 mills	<u>\$ 149,613,265</u>	<u>\$ 34,589,796</u>
Assessed Valuation	\$ 25,194,879,645		\$ 25,194,879,645	\$ 25,194,879,645
			<u>5.94 mills</u>	<u>1.37 mills</u>

1) The 2006 mill rate estimate is based on assessed valuation provided by the Municipality of Anchorage Office of Management and Budget. This number is preliminary and is subject to change in spring 2006.

Anchorage School District
Fiscal Year 2006-2007

PROJECTED REVENUES SUMMARY BY FUND
FISCAL YEARS 2004-2005 TO 2006-2007
Second Reading

<u>Fund</u>	FY 2004-2005 <u>Revised</u>	FY 2005-2006 <u>Revised</u>	FY 2006-2007 <u>Projections</u>	FY 2006-2007 Change over FY 2005-2006 Revised	
				<u>Amount</u>	<u>Percent</u>
General	\$ 398,107,237	\$ 433,003,676	\$ 466,563,008	\$ 33,559,332	7.75%
Food Service	13,785,312	14,515,771	15,000,000	484,229	3.34%
Debt Service	69,568,617	76,686,739	77,310,215	623,476	0.81%
Local/State/ Federal Projects	44,500,000	48,000,000	49,000,000	1,000,000	2.08%
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	
TOTAL	\$ <u>525,961,166</u>	\$ <u>572,206,186</u>	\$ <u>607,873,223</u>	\$ <u>35,667,037</u>	6.23%
<u>Taxes</u>					
General	\$ 133,412,722	\$ 144,322,321	\$ 154,904,208	\$ 10,581,887	7.33%
Debt Service	<u>30,090,600</u>	<u>32,834,680</u>	<u>36,344,912</u>	<u>3,510,232</u>	10.69%
TOTAL	\$ <u>163,503,322</u>	\$ <u>177,157,001</u>	\$ <u>191,249,120</u>	\$ <u>14,092,119</u>	7.95%

Anchorage School District
REVENUE and FUND BALANCE SUMMARY BY FUND AND SOURCE
FISCAL YEARS 2004-2005 TO 2006-2007
Second Reading

	FY 2004-2005 Audited Actual	FY 2004-2005 Revised	FY 2005-2006 Revised	FY 2006-2007 Projections	
General Fund					
Local Revenue/Fund Balance					
Local Taxes	\$ 133,412,722	\$ 133,412,722	\$ 144,322,321	\$ 154,904,208	\$
Interest	1,496,977	525,000	600,000	1,500,000	
Other Local	3,176,721	3,243,300	3,389,500	3,347,800	
Fund Balance	<u>138,086,420</u>	<u>137,181,022</u>	<u>154,811,821</u>	<u>159,752,008</u>	
State Revenue					
Alaska Public School Funding Program	227,186,292	229,375,895	246,360,130	273,652,688	
Pupil Transportation	17,048,940	17,028,333	17,034,683	17,101,270	
Medicaid	386,895	1,100,000	1,100,000	1,100,000	
Supplemental State Funding	<u>1,357,996</u>	<u>961,987</u>	<u>927,042</u>	<u>942,042</u>	
	245,980,123	248,466,215	264,321,855	291,696,000	
Federal Revenue					
Federal Impact Aid	13,904,509	11,900,000	12,750,000	13,500,000	
Medicaid			650,000	1,000,000	
R.O.T.C.	<u>502,459</u>	<u>560,000</u>	<u>470,000</u>	<u>615,000</u>	
	<u>14,406,968</u>	<u>12,460,000</u>	<u>13,870,000</u>	<u>15,115,000</u>	
Total General Fund	398,473,511	398,107,237	433,003,676	466,563,008	
Food Service Fund					
Sales	5,297,694	6,181,387	6,213,593	6,400,151	
Fund Balance	299,017	225,000	369,413	193,160	
Federal Reimbursement	<u>7,670,607</u>	<u>7,378,925</u>	<u>7,932,765</u>	<u>8,406,689</u>	
Total Food Service	13,267,318	13,785,312	14,515,771	15,000,000	
Debt Service Fund					
Local Revenue/Fund Balance					
Local Taxes	30,090,600	30,090,600	32,834,680	36,344,912	
Interest	89,494	15,000			
Fund Balance		6,115,630	5,249,050	2,000,000	
Other Financing Sources	40,938				
Fund Transfer	<u>6,081,461</u>	<u>100,539</u>	<u>208,750</u>	<u>167,000</u>	
	36,302,493	36,321,769	38,292,480	38,511,912	
State Sources					
Debt Service	<u>34,164,926</u>	<u>33,246,848</u>	<u>38,394,259</u>	<u>38,798,303</u>	
	<u>34,164,926</u>	<u>33,246,848</u>	<u>38,394,259</u>	<u>38,798,303</u>	
Total Debt Service	70,467,419	69,568,617	76,686,739	77,310,215	
Local/State/Federal Projects					
Local Projects	544,810	619,271	747,757	645,047	
State Projects	815,016	1,083,100	1,093,860	1,097,434	
Federal Projects	<u>38,715,898</u>	<u>42,797,629</u>	<u>46,158,383</u>	<u>47,257,519</u>	
Total Local/State/Federal Projects	40,075,724	44,500,000	48,000,000	49,000,000	
Total Revenues	\$ <u>522,283,972</u>	\$ <u>525,961,166</u>	\$ <u>572,206,186</u>	\$ <u>607,873,223</u>	\$
Total Expenditures	\$ <u>512,628,257</u>	\$ <u>525,961,166</u>	\$ <u>572,206,186</u>	\$ <u>607,873,223</u>	\$
Total Taxes – Fiscal Year	\$ <u>163,503,322</u>	\$ <u>163,503,322</u>	\$ <u>177,157,001</u>	\$ <u>191,249,120</u>	\$

Anchorage School District
Fiscal Year 2006-2007

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

Local Sources	FY 2004-2005	FY 2004-2005	FY 2005-2006	FY 2006-2007
	Audited Actual	Revised	Revised	Projections
Municipality of Anchorage Appropriation of Taxes	\$ 133,412,722	\$ 133,412,722 (A)	\$ 144,322,321	\$ 154,904,208
Other Local				
Career Center Instructional Projects	74,149	81,200	81,200	81,200
Facilities Rentals (B)	684,176	552,500	572,000	623,000
Nonresident Tuition	24,317	1,000	1,000	1,000
Credit Recovery Fees (C)				25,000
Graduation Support Services (D)	25,205	60,000	60,000	
Summer School - Elementary (E)	30,130	18,500	35,000	32,000
Summer School -Special Education (E)	1,200			1,500
Summer School - Middle Level (E)	34,890	13,000	30,000	36,000
Summer School - Secondary (F)	160,350	168,000	130,000	185,000
Music Instrument Usage Fee (G)	10,731	13,800	16,500	26,600
Middle School Activity Fees (H)	201,026	205,000	210,000	205,000
High School Activity Fees (I)	570,770	510,000	550,000	570,000
High School Parking Fees (J)	221,315	215,000	225,000	225,000
Charter School Fees (K)	48,463	30,800		
Other Fees (Training Fees, Documents) (L)	83,126	77,500	77,500	81,500
Property Sales, Insurance Proceeds, and Miscellaneous	340,202	197,000	301,300	355,000
Interest Earnings	1,496,977	525,000	600,000	1,500,000
E-rate (M)	666,671	1,100,000	1,100,000	900,000
Fund Balance			6,500,000	
	<u>4,673,698</u>	<u>3,768,300</u>	<u>10,489,500</u>	<u>4,847,800</u>
TOTAL	<u>\$ 138,086,420</u>	<u>\$ 137,181,022</u>	<u>\$ 154,811,821</u>	<u>\$ 159,752,008</u>

- (A) \$500,000 of the \$1.0 million previously authorized and collected by the Municipality was given back in December, 2004.
- (B) Facilities Rentals-Projections reflect more usage as well as program rental increases.
- (C) Credit Recovery Course Fee @ \$85/course.
- (D) Graduation Support Services - is no longer being collected. Other programs provide the instructional services previously secured through this program.
- (E) Summer School - \$80 beginning FY 2006-2007; (\$75 per summer school session FY 2004-2005 and FY 2005-2006).
- (F) Summer School - \$85 beginning FY 2006-2007; (\$75 per summer school session FY 2004-2005 and FY 2005-2006).
- (G) Music Instrument Usage Fee - \$40 for FY 2006-2007 (\$25 for FY 2005-2006).
- (H) Middle School Activity Fees \$75 Family Cap of \$300 (Middle and High Schools combined).
- (I) High School Activity Fees \$125/sport Family Cap of \$300 (Middle and High Schools combined).
- (J) High School Parking Fees \$50/semester .
- (K) Beginning FY 2005-2006, fees collected by Charter Schools are being recorded in the centralized student activity fund.
- (L) Training fees - \$25 per course with continuation for FY 2006-2007.
- (M) 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 2006-2007

COMPUTATION OF MUNICIPAL TAX LIMITATION
Second Reading

		<u>1/26/2006</u>	<u>2/2/2006</u>
Taxes Projected—Anchorage School District FY 2005-2006		\$ 177,157,001	177,157,001
Less: Prior Year Taxes Required for Debt Service		<u>32,834,680</u>	<u>32,834,680</u>
Net Taxes Approved for General Fund		144,322,321	144,322,321
Adjustment Factors			
	<u>1/26/2006</u>	<u>2/2/2006</u>	
Population 5 year Average	1.46 %	1.26 %	
CPI—Anchorage Urban	<u>2.60</u>	<u>3.10</u>	
	4.06 %	4.36 %	
		<u>5,859,486</u>	<u>6,292,453</u>
Basic Tax Limitation		150,181,807	150,614,774
<u>Plus Exclusions:</u>			
Taxes for Operations and Maintenance on New Voter Approved Facilities (1)		235,200	235,200
Taxes Requested on New Construction/Property Improvements (2)		4,054,234	4,054,234
Tax Limitation—General Fund		<u>154,471,241</u>	<u>154,904,208</u>
Taxes Requested for Debt Service		<u>36,344,912</u>	<u>36,344,912</u>
TAX LIMITATION FY 2006-2007		190,816,153	191,249,120
	<u>1/26/2006</u>	<u>2/2/2006</u>	
General Fund	154,471,241	154,904,208	
Debt Service Fund	<u>36,344,912</u>	<u>36,344,912</u>	
TAXES PROJECTED IN FINANCIAL PLAN—FY 2006-2007		<u>190,816,153</u>	<u>190,816,153</u>
AMOUNT (OVER) LESS THAN TAX LIMITATION		<u>\$ 0</u>	<u>432,967</u>

- Note:
- (1) The taxes approved for debt service are for sold bonds approved by the qualified voters.
 - (2) Taxes on new construction or property improvements, excluded from the limitation the first year, are computed as follows: 7.59 mills x \$534,154,713 (estimated 2005 new construction/property improvement value verified by the Municipality of Anchorage's Office of Management and Budget) = \$4,054,234. (Will be updated in late March/early April)
 - (3) The Anchorage Assembly may approve more or less taxes than this within the combined total of the tax limitations for the Municipality of Anchorage and the Anchorage School District.

Anchorage School District
Fiscal Year 2006-2007

SCHEDULE OF GENERAL FUND REVENUES FROM STATE SOURCES
Second Reading

<u>State Sources</u>		FY 2004-2005 Audited Actual	FY 2004-2005 Revised	FY 2005-2006 Revised	FY 2006-2007 Projections
Alaska Public School Funding Program	(A)	\$ 227,186,292	\$ 229,375,895	\$ 246,360,130	\$ 273,652,688
Pupil Transportation	(B)	17,048,940	17,028,333	17,034,683	17,101,270
<u>Supplemental State Funding and Grants:</u>					
On-Base Schools	(C)	408,484	408,484	408,484	408,484
McLaughlin Youth Detention Grant	(C)	777,146	413,503	388,558	388,558
Providence Heights Grant	(C)	172,366	90,000	130,000	145,000
Alaska National Guard Youth Corps	(C)		50,000		
Medicaid Reimbursement	(D)	<u>386,895</u>	<u>1,100,000</u>		
TOTAL		\$ <u>245,980,123</u>	\$ <u>248,466,215</u>	\$ <u>264,321,855</u>	\$ <u>291,696,000</u>

Notes:

- (A) Alaska Public School Funding Program - FY 2006-2007
Implementing the Governor's Proposal as of
November 15, 2005
- | | |
|---|-----------------------|
| Basic Need Equals 67,238.90 Adjusted ADM x \$5,352 Student Allocation | \$ 359,859,091 |
| Minus 4 Mills x Foundation Defined Anchorage Assessed Valuation of \$20.369 billion | (81,476,907) |
| Minus Deductible Portion of Federal Impact Aid | (5,805,308) |
| Add \$16/ adjusted ADM for Quality Schools | <u>1,075,812</u> |
| Total Alaska Public School Funding Program Aid | <u>\$ 273,652,688</u> |
- (B) Pupil Transportation - Reimbursement estimate based on FY 2002-2003 actual expenditures/number of FY 2002-2003 actual ADM less Correspondence Programs times FY 2006-2007 estimated ADM less Correspondence Programs. Currently there is not a CPI adjustment for inflation for FY 2006-2007.
- (C) State of Alaska supplemental grant to partially fund this program; Alaska National Guard Youth Corps program is no longer a program through the Anchorage School District.
- (D) Medicaid reimbursement for indirect health services to students who are medicaid eligible in the schools. These revenues are now accounted for under Federal Revenues.

Anchorage School District
Fiscal Year 2006-2007

SCHEDULE OF GENERAL FUND REVENUES FROM FEDERAL SOURCES
Second Reading

<u>Federal Sources</u>	FY 2004-2005 <u>Audited Actual</u>	FY 2004-2005 <u>Revised</u>	FY 2005-2006 <u>Revised</u>	FY 2006-2007 <u>Projections</u>
Federal Impact Aid (A)	\$ 13,904,509	\$ 11,900,000	\$ 12,750,000	\$ 13,500,000
Medicaid Reimbursement (B)			650,000	1,000,000
R.O.T.C. (C)	<u>502,459</u>	<u>560,000</u>	<u>470,000</u>	<u>615,000</u>
TOTAL	\$ <u>14,406,968</u>	\$ <u>12,460,000</u>	\$ <u>13,870,000</u>	\$ <u>15,115,000</u>

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

(B) Medicaid reimbursement is for indirect health services to students who are medicaid eligible in the schools. These revenues were previously accounted for under State Revenues.

(C) Revenues for FY 2006-2007 were adjusted to reflect actual receipt of revenues and adjustments made for a projected increase of three R.O.T.C staff.

ANCHORAGE SCHOOL DISTRICT
GENERAL FUND
SUMMARY OF MAJOR BUDGETED REVENUE INCREASES/DECREASES
FY 2006-2007
SECOND READING

FY 2005-2006 Revised Revenue Budget **\$ 433,003,676**

Major Budgeted Revenue Reductions:

Fund Balance	(6,500,000)
E-rate	(200,000)
Graduation Support Services (Program Change)	(60,000)
Total Major Budgeted Revenue Reductions:	(6,760,000)
Adjusted Revenues After Reductions:	426,243,676

Major Budgeted Revenue Increases:

Alaska Public School Funding Program (from \$4,919 to \$5,352)	27,292,558
Tax Appropriation*	10,581,887
Interest Earnings	900,000
Federal Impact Aid	750,000
Medicaid Reimbursement	350,000
JROTC	145,000
Pupil Transportation	66,587
Summer School Fees	59,500
Property Sales, Insurance Proceeds, and Miscellaneous	53,700
Facilities Rentals	51,000
Credit Recovery Fees	25,000
School Activity Fees	15,000
Providence Heights Grant	15,000
Music Instrument Usage Fee **	10,100
Other Fees (Training Fees, Documents)	4,000
Total Major Budgeted Revenue Increases:	40,319,332

FY 2006-2007 Proposed Revenue Budget **\$ 466,563,008**

Total Major Budgeted Revenue Increases/Decreases: \$ 33,559,332

* Tax Appropriation based on CPI/Average 5-year population adjustment

** School Board adjustment - music fees @ \$40/instrument

ANCHORAGE SCHOOL DISTRICT
GENERAL FUND
SUMMARY OF MAJOR BUDGETED EXPENDITURE INCREASES AND REDUCTIONS
FY 2005-2006 COMPARED TO FY 2006-2007
SECOND READING

FY 2005-2006 Revised Budget	\$	433,003,676
Major Expenditure Increases & Decreases:		
<u>Districtwide</u>		
Pending Negotiations		16,700,000
Teacher's Retirement System Increase from 21% to 26%		9,356,863
Previously Settled Employee Contracts		6,815,337
Public Employee Retirement System Increase from 19.25% to 24.25%		3,102,000
Utility Increases excluding New/Renovated Facilities		1,239,960
Non-Departmental - TBD to offset increase in music fees and tax cap calculation increase *		436,467
Indirect Costs		164,200
Other Capital Outlay Expense		50,978
Unemployment Insurance Rate Increase		34,749
Mileage		23,671
	Total Districtwide Increases:	37,924,225
Workers' Compensation		(244,938)
Attrition Benefits		(200,000)
Property & Liability Insurance		(142,000)
	Total Districtwide Decreases:	(586,938)
	Total Districtwide Changes:	37,337,287
<u>Elementary</u>		
25% of the Kindergarten Teacher Assistants - 17.8 FTE		(525,700)
25% of the Learning Opportunity interventions funding		(299,878)
Elementary Classroom Teachers Based on Enrollment - 3.0 FTE		(233,977)
Assistant Principals - 2 FTE		(222,500)
One and one-half Library Assistants - 1.5 FTE		(40,300)
	Total Elementary Decreases:	(1,322,355)
	Total Elementary Changes:	(1,322,355)
<u>Charter Schools</u>		
Charter School Enrollment Adjustments		493,095
	Total Charter Changes:	493,095
<u>Special Education</u>		
Teacher Assistants were increased 36.625 FTE as follows: Deaf Program 2.625 FTE, Speech Program (transferred from the grant fund) 3.75 FTE, Special Ed. Middle School autism classrooms 2.5 FTE, Special Ed Elementary 14.0 FTE, Special Ed. Elementary for pre-school 5.25 FTE, Special Ed High School for autism classrooms 5.0 FTE, ACE program received 3.0 FTE for enrollment, Mt. Iliamna for behavior support classroom 4.375 FTE		1,455,650
Special Education Elementary 5.0 FTE, Mt. Iliamna - 2.0 FTE		547,400
Nurses at the Elementary School level - 4.1 FTE		320,620
Special Education Secondary -3.0 FTE		234,600
Principal at Mt. Iliamna Converted from Preschool Assessment Coordinator		97,400
Coordinator, Nursing Services Converted from Director of Health Services		96,100
Secretaries at Whaley School - 2.0 FTE		92,500
Psychologist - 1.0 FTE and testing supplies		87,800
Special Education OT/PT Program - 1.0 FTE		78,200
Special Education Middle Level - 1.0 FTE		78,200
Special Alternative Career Education- 1.0 FTE		78,200
Microcomputer Specialist for Health Services - 1.0 FTE		56,723
Contracted Services and Supplies		46,840
Added 3.5 hours/day to each 3.5 hr. Blind/Visually Impaired T-10 TA position, reduced 1 - 7 hr. Brailist T-11 TA		17,288
	Total Special Education Increases:	3,287,521

ANCHORAGE SCHOOL DISTRICT
GENERAL FUND
SUMMARY OF MAJOR BUDGETED EXPENDITURE INCREASES AND REDUCTIONS
FY 2005-2006 COMPARED TO FY 2006-2007
SECOND READING

Special Education Continued

Whaley Teacher Assistants converted to clerical - 3.875 FTE	(132,062)
Director of Health Services Converted to Coordinator Position	(115,814)
Coordinator Preschool Assessment Converted to Principal at Mt. Iliamna	(112,016)
Health Treatment Specialist - 1.0 FTE	(45,947)
Total Special Education Decreases:	<u>(405,839)</u>
Total Special Education Changes:	2,881,682

Gifted Education

Kindergarten teacher (1.0 FTE) and Teacher Assistant (.438 FTE) for IA Program, Gifted Program Mentorship Coordinator (1.0 FTE), and Secondary Teacher for the Gifted Program	246,800
Total Gifted Changes:	<u>246,800</u>

Middle Schools

Zero Hour Pre-Algebra and Elective World Languages Middle School - 3.0 FTE	234,600
O&M for Polaris Middle School additional classrooms and gym	164,900
Spanish Immersion Teacher - .2 FTE	15,638
Total Middle School Increases:	<u>415,138</u>
Secondary Classroom Teachers Based on Enrollment - 12 FTE	(871,068)
Elimination of Middle School Elective Team Planning Time - 9.0 FTE	(653,301)
Counselors - 2.0 FTE	(145,178)
Reduced funding for Learning Interventions	(119,792)
Total Middle School Decreases:	<u>(1,789,339)</u>
Total Middle School Changes:	(1,374,201)

High Schools

Secondary Classroom Teachers Based on Enrollment - 7.5 FTE	586,500
Continuation Program North - Principal (1.0 FTE), Secondary Teachers (2.0 FTE), and Administrative Assistant (1.0 FTE)	314,390
ROTC to Eagle River High - 2.0 FTE and East High - 1.0 FTE	248,500
KCC Third Session addenda for late afternoon/early evening	212,000
O&M for Bartlett High School - renovated classrooms/new auditorium/new south entry	70,300
NWAA Team Visit (Bartlett, East, South Anchorage, Eagle River, McLaughlin)	45,000
Paideia Program	40,000
Activity/Field Trips	34,965
Total High School Increases:	<u>1,551,655</u>
Eagle River First Year Extra Supply and Pupil Activities Allocation	(234,160)
Assistant Principal - 1.0 FTE	(115,200)
HSGQE - Remediation Initiatives	(50,000)
HSGQE - Remediation Initiatives to be redirected to the Paideia Program	(40,000)
Safety/Security Coordinator at Chugiak High - 1.0 FTE	(44,200)
Total High School Decreases:	<u>(483,560)</u>
Total High School Changes:	1,068,095

Instructional Support

Social & Emotional Learning Program - .2 FTE Teaching Position, .5 FTE Secretary (transferred from Grant fund)	58,700
Assessment & Evaluation computers and monitors	14,000
Algebra prognosis tests, substitute teachers and added duty - certificated for mandatory teacher trainings	27,388
World music drums	2,443
Total Instructional Support Increases:	<u>102,531</u>
Curriculum and Instructional Services Addenda/Benefits/Contracted Services/Supplies	(117,000)
Director Program Evaluation reduced to match actual workday - .4 FTE	(44,790)
Assessment & Evaluation test development, electronic format reports, office supplies, teaching supplies	(19,059)
Total Instructional Support Decreases:	<u>(180,849)</u>
Total Instructional Support Changes:	(78,318)

ANCHORAGE SCHOOL DISTRICT
GENERAL FUND
SUMMARY OF MAJOR BUDGETED EXPENDITURE INCREASES AND REDUCTIONS
FY 2005-2006 COMPARED TO FY 2006-2007
SECOND READING

Administration/Support Services/Rentals,Community Resources,& Community Education

Fuel, Oil, Grease, Lube & Tires	278,561
Computer Lease Contract/Licenses	273,951
New Department - District Accountability (Transferred from Grant Fund)	120,700
Printing of Annual Financial Report, Handbooks, Budget Documents, Binding of reports, postage, etc.	93,365
Increased Bus Driver and Attendant Hours to more closely match actual expenditures	84,815
Auditorium Technician for South Anchorage High and Eagle River High - 1.0 FTE	74,500
Advertising and Public Awareness Campaigns, Camper Host, contracted services for surveys, customer service training	52,655
EDIFY Replacement System	47,500
Teacher Training on State Assessment System and Testing Materials	34,200
Maintenance Building/Grounds Supplies/Repair Parts	31,200
Pool utility metering support, training	27,848
Job Fair Recruitment and Advertising	24,000
Insurance brokerage administration fees	18,900
Contracted Services related to Legislative activities	19,000
Contracted Transportation	11,700
Total Administration/Support Services/Rentals,Community Resources & Community Education Increases:	1,192,895
Maintenance Contracted Services Grounds/Buildings	(172,880)
Government Relations/Legislative Liaison - 1 FTE	(121,840)
Operations - New Equipment, Replacement Equipment, Custodial Supplies	(66,284)
Custodial Equipment - vacuums, cleaners, mats, etc.	(47,250)
Added Duty used to support the function of the School Board Secretary, reimbursable expenses, office supplies	(27,426)
Added Duty used for School Business Partnership Coordinators in the Middle Schools	(11,562)
Total Administration/Support Services/Rentals,Community Resources & Community Education Decreases:	(447,242)
Total Administration/Support Services/Rentals,Community Resources & Community Education Changes:	745,653

One Time Expenditures FY 2005-2006

One time expenditures	(6,500,000)
Total One Time Expenditures FY 2005-2006	(6,500,000)
Total Major Budgeted Expenditure Increases:	45,213,860
Total Major Budgeted Expenditure Reductions:	(11,716,122)
Net Change:	33,497,738
Rounding:	61,594

FY 2006-2007 Proposed Budget

\$ 466,563,008

These amounts reflect the reduction amount. To add staff back to the FY 2006-2007 Financial Plan, the amount would increase based on negotiated contract increases as well as payroll taxes and benefit rate increases.

* School Board adjustment (\$3,500); Tax cap calculation adjustment (\$432,967)

**Anchorage School District
School Board Approved Budget Revisions
FY 2006-2007**

Attachment D

Item	PROGRAM DESCRIPTION	FTE	First Reading 1/26/2006			
			Expenditures Amount	Revenues Amount		
General Fund			\$	466,126,541	\$	466,126,541
<u>Revenue Revision</u>						
1.	Music Instrument Fee increase from \$35/instrument (as included in the Preliminary FY 2006-2007 Plan) to \$40/instrument					3,500
<u>Expenditure Revision</u>						
1.	Non-Departmental Unallocated TBD			3,500		
<i>Total Revisions</i>		0	\$	3,500	\$	3,500
General Fund Total		0	\$	466,130,041	\$	466,130,041

Adjustment to the FY 2006-2007 Proposed Financial Plan since the First Reading

General Fund

Revenue Revision

1.	CPI adjustment					721,612
	5-Year Anchorage Municipal Population					(288,645)

Expenditure Revision

1.	Non-Departmental Unallocated TBD			432,967		
<i>Total Revisions</i>		0	\$	432,967	\$	432,967

General Fund Total		0		466,563,008		466,563,008
	General Fund		\$	466,563,008	\$	466,563,008
	Food Service Fund			15,000,000		15,000,000
	Debt Service Fund			77,310,215		77,310,215
	Local, State, and Federal Projects Fund			49,000,000		49,000,000
<i>Interim Total as of 2/2/2006</i>			\$	607,873,223	\$	607,873,223
Total Taxes Requested			\$	191,249,120		