

ANCHORAGE SCHOOL DISTRICT
ANCHORAGE, ALASKA

ASD MEMORANDUM #317 (2005-2006)

May 22, 2006

TO: SCHOOL BOARD
FROM: OFFICE OF THE SUPERINTENDENT
SUBJECT: REVISION TO THE FY 2006-2007 FINANCIAL PLAN

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 a net budget increase of \$6,869,639 to the General Fund for a total revised budget of \$614,742,862 and authorize the Superintendent to prepare the Anchorage School District's FY 2006-2007 Revised Financial Plan as set forth in the projected revenue and expenditure schedules in the memorandum (Attachments A and B). The total budget recommendation is \$614,742,862. This includes individual fund budgets currently projected as follows:

	<u>FY 2006-2007 Financial Plan</u>
General Fund	\$473,432,647
Food Service Fund	15,000,000
Debt Service Fund	77,310,215
Local/State/Federal Grants Fund	<u>49,000,000</u>
Total - All Funds	<u>\$614,742,862</u>

It is also the Administration's recommendation that the School Board authorize the Superintendent to request the Anchorage Assembly to increase the upper limit of the Anchorage School District's FY 2006-2007 budget to \$614,742,862 since the overall budget, as revised, will exceed the approved upper limit of the budget. **No additional local property taxes are being requested to support this increase.**

PERTINENT FACTS:

Assembly Actions

On March 28, 2006 the Anchorage Assembly approved AO No. 2006-37(S), to adopt and approve the Anchorage School District's FY 2006-2007 Financial Plan with an upper limit spending authority of \$608,226,391 and the amount of \$191,602,288 to be appropriated from local property taxes or other local sources.

The AO No. 2006-37(S) revision was based on the new construction amount increasing slightly since the Assembly approval in March allowing additional taxes under the tax cap limitation. Due to the timing requirements of setting the mill rates for the Municipality of Anchorage and the Alaska Legislature's confirmation of additional funding for the School District, the Anchorage Assembly approved the 2006 calendar taxes with the assumption that the School District would be coming forward with a budget revision to increase the upper limit in support of the Anchorage School District, based on the legislative action.

GENERAL FUND

This memorandum includes a net increase of \$6,869,639 to the General Fund revenues and is summarized on Attachment A. Also included is \$6,869,639 of net expenditure increases, decreases and budgetary reinstatements. These changes are summarized on Attachment B.

Revenues

State Revenues – Alaska Legislative Action

Alaska Public School Funding

Student Base Allocation – Through many efforts of our School Board, staff, many partners in the community, parent groups, Assembly, Mayor, Legislature, and Governor – the second session of the Twenty-fourth Alaska State Legislature approved increasing the base student allocation in the Alaska Public School Funding formula by \$461, from \$4,919 to \$5,380. During the initial planning, the School Board directed the Administration to use the Governor's most current proposal which at that time was \$5,352, an increase of \$433 from the FY 2005-2006 base student allocation of \$4,919. With the additional \$28 recently passed by the Legislature, from \$5,352 to \$5,380, the Anchorage School District will receive an additional \$1,882,671 that has not been previously included in the FY 2006-2007 Financial Plan.

During FY 2004-2005, the Anchorage School District received an overpayment of Federal Impact Aid funding. The error occurred when the State Department of Education and Early Development double-counted a portion of the Special Education student count on the Federal application. The amount of overpayment was \$1,368,934. This amount was refunded to the Federal Impact Aid program during FY 2005-2006. The Alaska Public School Funding Program Formula uses the prior year's Federal Impact Aid receipts when calculating the amount of revenue that the individual districts receive the following year. For FY 2006-2007, this refund reduces the amount of Federal Impact Aid eligible for reporting on the request for Alaska Public School Funding by \$1,368,934. The end result is an increase in the FY 2006-2007 Alaska Public School Funding Program by \$645,000.

School Improvement Grant – In addition to the base student allocation, the Legislature provided under HB13 for a School Improvement Grant as a component of public school funding for one year only. The District is eligible to receive a school improvement grant in the amount of the District's ADM for FY 2006-2007 multiplied by \$81.25. The calculation of the one-time grant award for the District is \$3,993,800.

Local Revenues

Local Property Taxes—When the FY 2006-2007 Financial Plan was submitted to the Anchorage Assembly for approval on March 14, 2006 with AO No. 2006-37, the amount of new construction and property improvement (a component in the calculations for the local property tax contribution from the Municipality of Anchorage), had not been finalized. Subsequently, prior to the final approval on March 28, 2006, the new construction and property improvement amounts were finalized and this allowed for an additional \$353,168. This was approved in the District's FY 2006-2007 Financial Plan upper limit authorization with passage by the Anchorage Assembly of AO No. 2006-37(S). The local property tax revenue included and approved by the Anchorage Assembly for FY 2006-2007 is based on the full amount of taxes available under the local property tax limitation and therefore no further action by the Assembly is required.

Facilities Rentals—After review of current year receipts and the projected amount of anticipated revenue based on increasing selected rental areas; e.g. auditoriums, it has been determined that the revenue projections might have been too aggressive for FY 2006-2007. Therefore, it is recommended at this time to reduce the Facilities Rentals revenue projections by \$75,000.

High School Activity Fees—After review of the student activity fees it was determined to increase the student activity fees at the High School level from \$125 to \$130 for and

additional \$30,000. In addition, with the new Girl's Flag Football program, it is anticipated that an additional \$40,000 will be collected. A new family cap of \$325 up from the current amount of \$300, will be in place at the Middle and High School levels for FY 2006-2007.

Expenditures

Reinstated Items

- Full Day Kindergarten Aides-17.8 FTE—\$538,349 These funds would allow the Elementary Division to add back the 17.8 FTE for the all day kindergarten classrooms to have the support of a 3.5 hour teaching assistant.
- Middle School Counselors-2 FTE—\$156,372 These funds would allow the Middle School division to add back the two counselor positions which will provide more time to assist student/teacher concerns.
- Middle School Elective Team Planning - 9 FTE—\$703,674 These funds will allow for the elective teachers to have the team planning time available for the middle schools core teams.
- Director of Program Evaluation from .6 FTE to 1 FTE—\$46,500 The program requirements of the Assessment and Evaluation Department necessitate that this position be full time.

Updated Information

- Settled Contracts—\$651,000 The TOTEM Association of Educational Support Personnel (Clerical and Teacher Assistants) recently negotiated a new three-year contract with the District. Funds for this increase were not previously included in the FY 2006-2007 Financial Plan. Also included is consideration for the new 90-day waiting period for medical benefits for Anchorage Council of Education (ACE), TOTEM, Non-Rep and Exempt contracts.
- Utility Rate and Usage—\$500,000 Updated rate information from the utility companies and the U.S Army and projected usage for heat, electricity and refuse requires additional funds for FY 2006-2007.
- Administrative Assistants- 2 FTE—\$93,200 With the failure of the April 2006 bond propositions and the reduction of construction and renewal projects it is requested that the two positions supporting the Accounts Payable and Purchasing Departments be transferred from the Capital Projects Fund. These positions are necessary to maintain the current level of service within the District. A reduction of these positions will decrease service and cause a delay

in getting payments to the vendors resulting in late fees and materials to the schools or any administrative unit within the District on a timely basis.

- Charter Schools—\$56,653 This expenditure amount is the Charter Schools portion resulting from the Base Student Allocation increasing from \$5,352 to \$5,380.

New Items

- Assistant Principal—\$95,000 This position will be placed in the Elementary Division to assist with Special Education requirements.
- Special Education Teachers - 3 FTE—\$234,558 The additional Special Service Teacher positions are needed to staff the new residential treatment program which will open at North Star Hospital in August, 2006.
- Student Travel—\$45,000 These funds will allow for additional travel to State interscholastic competitions and to offset additional transportation costs created by adding the South Anchorage and Eagle River High Schools.
- Offset Equipment Operator—\$77,000 Due to the District printing demands to maximize facility and equipment use and to better meet the needs of the District the addition of a third offset equipment operator position at KCC is being requested.
- Substitute Teachers Daily Rate Adjustment—\$115,000 The District is currently running with “unfilled” substitute requests (10 to 50 per day). By implementing a more differentiated pay scale that rewards substitutes who take “hard-to-fill” jobs, it is hoped that the increase in pay would attract more substitutes to those jobs.

One-Time Expenditure Items

A review of one-time expenditure needs to match the one-time revenues is shown on Attachment B, totaling \$3,993,800. Brief explanations of the one-time expenditure items identified on Attachment B are as follows:

- Student Management System—\$2,000,000 These funds will be used to help start the process to implement the Student Management System which has been a School Board priority. Other funds will need to be identified before a Request for Proposal can be released.
- Special Education Summer School—\$300,000 These funds will support the Summer School program and Extended School Year. The majority of the costs

have been supported by grant carry-over funds in the past. Grants funds are no longer adequate to address the need.

- Electrical Distribution Panels—\$125,000 These funds will provide safety repairs on Lake Otis and Ptarmigan Schools electrical systems. The Lake Otis panel is currently overloaded and requires installation of two panels for the load served. At Ptarmigan one of the original electrical distribution panels is overloaded and requires replacement with a larger higher amperage distribution panel-board. These two life safety projects which were on the failed April 2006 ballot are critical and must move forward immediately.
- Curriculum Materials—\$203,000 These funds will be used for K-6 Science Kits First Use Training which was previously cut from the Title 2 budget (\$20,000); the new edition of the Prismatic Consulting Language Proficiency testing software (\$15,000) for world language assessments; resources for an English 11 pilot in six high schools (\$63,000); rebuilding of geography materials in the elementary schools (\$50,000); teacher training for the District's new to district math teachers (\$20,000); and math program (K-8) curriculum review (\$35,000).
- Girl's Flag Football at the High School Level—\$150,000 These funds are for the implementation of a Girl's Flag Football program to meet our Title IX gender equity OCR requirements. This amount will be used to hire coaches and officials, purchase supplies, equipment and uniforms. This new program will help attain parity in the District's sports programs offered to girls and boys.
- Indoor Soccer Lease—\$170,000 These funds will be used to lease the Anchorage Sports Dome for the FY 2006-2007 soccer season. This will ensure a full season of soccer for all levels of high school competition regardless of snow and ice conditions on the outdoor fields.
- High School Offset of Vending Machine Revenue Loss—\$300,000 These funds will be added to the activities budgets at the High School level to help replace the loss of revenues generated by vending machines.
- Middle Level Offset of Vending Machine Revenue Loss—\$50,000 These funds will be added to the activities budgets at the Middle Level to help replace the loss of revenues generated by vending machines.
- Elementary Intervention Support—\$322,850 These funds will be used for the Houghton-Mifflin implementation at 14 elementary schools (\$213,000) and for learning intervention opportunities (\$109,850) for students who are below proficiency to improve their academic achievement in the areas of reading, writing and math.

- Middle School Learning Intervention Support—\$50,000 These funds will allow middle school staff to offer reading and writing support for students who are below proficiency.
- High School Learning Intervention Support—\$50,000 These funds will be used for remediation efforts in the areas of reading, writing and math.
- Special Education Learning Intervention Support—\$50,000 These funds will be used to provide additional support for an academic achievement/supportive and effective learning environment at Whaley School.
- Assessment and Evaluation Data Assessment Support—\$25,000 To meet the requirements placed on the Assessment Department, it is requested that \$25,000 be placed in contracted services to provide assistance with the increase demands for data requests and analysis.
- Russian Immersion Support—\$15,000 These funds will be used for the expansion of Russian immersion to grade 3.
- Physical Education—\$23,350 These funds will be used for one-half day in-service training for new to the district/grade level Great Body Shop training and setup and implementation of the elementary Cross Country Jamboree.
- Implementation of IFAS Benefits Module—\$10,000 The funds will be used for training and extra help in implementing the Benefits Module which will allow for electronic tracking of the new 90-day waiting period for medical benefits.
- Classified Advertisement—\$10,000 The funds will allow the District to run advertisements which list multiple positions on a more frequent basis, and encourage applicants to visit our website. This will allow the District greater visibility locally.
- Charter Schools Improvement Grant—\$139,600 This expenditure amount is the Charter Schools portion resulting from the one-time improvement grant.

OTHER FUNDS

There are no requested changes for the other funds. The Food Service Fund at \$15,000,000, the Debt Service Fund at \$77,310,215 and the Local/State/Federal Grants Fund at \$49,000,000 are recommended to remain as approved by the Anchorage Assembly on March 28, 2006.

FISCAL YEAR BUDGET COMPARISON

Upon approval of this request, the District's FY 2006-2007 Revised Financial Plan will be \$614,742,862 and is summarized as follows:

REVENUE/EXPENDITURE BUDGETS

<u>Fund Description</u>	AO No. 2006-37	Assembly Approved	Revision over AO No. 2006-37	Revised
	<u>As of 3/14/06</u>	AO No. 2006-37(S) <u>As of 3/28/06</u>		Budget <u>As of 5/22/06</u>
General	\$466,563,008	\$466,916,176	\$6,869,639	\$473,432,647
Food Service	15,000,000	15,000,000	-0-	15,000,000
Debt Service	77,310,215	77,310,215	-0-	77,310,215
Local/State/Federal Grants	<u>49,000,000</u>	<u>49,000,000</u>	<u>-0-</u>	<u>49,000,000</u>
All Funds	<u>\$607,873,223</u>	<u>\$608,226,391</u>	<u>\$6,869,639</u>	<u>\$614,742,862</u>

Local Taxes

<u>Fund Description</u>	AO No. 2006-37	Assembly Approved	Requested Revision	Revised
	<u>As of 3/14/06</u>	AO No. 2006-37(S) <u>As of 3/28/06</u>		Budget <u>As of 5/22/06</u>
General	\$154,904,208	\$155,257,376	\$ -0-	\$155,257,376
Debt Service	<u>36,344,912</u>	<u>36,344,912</u>	<u>-0-</u>	<u>36,344,912</u>
All Funds	<u>\$191,249,120</u>	<u>\$191,602,288</u>	<u>\$ -0-</u>	<u>\$191,602,288</u>

Attachments

CC/JS/MSL

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

ANCHORAGE SCHOOL DISTRICT
GENERAL FUND
SUMMARY OF MAJOR BUDGETED REVENUE INCREASES/(DECREASES)

FY 2006-2007

FY 2006-2007 Revised Revenue Budget (3/14/06 AO NO. 2006-37) (1)	\$	466,563,008
Major Budgeted Revenue Reductions:		
Rentals		(75,000)
Total Major Budgeted Revenue Reductions		(75,000)
Adjusted Revenues After Reductions		466,488,008
Major Budgeted Revenue Increases:		
Alaska Public School Funding Program (from \$5,352 to \$5,380 Adjusted ADM)		1,882,671
Alaska Public School Funding Program increase based on Federal Impact Aid and local revenue not previously included in the deduct		645,000
School Improvement Grant @ \$81.25/ADM		3,993,800
Tax Contribution increase due to new construction/property improvement value (3/28/06 AO NO. 2006-37(S))		353,168
Student Activity Fee increase from \$125 to \$130 at the High School Level		30,000
Student Activity Fee @ \$130 for Girl's Flag Football		40,000
Total Major Budgeted Revenue Increases		6,944,639
FY 2006-2007 Revised Revenue Budget	\$	473,432,647
Net Total Major Budgeted Revenue Increases (2) (3)	\$	6,869,639

- (1) FY 2006-2007 Expenditure (3/14/06 AO NO. 2006-37 initial submittal to Anchorage Assembly as approved by the School Board on February 2, 2006).
- (2) On 3/28/06 AO NO. 2006-37(S) was approved by the Anchorage Assembly based on an adjustment to new construction/property improvement value which allowed for an increased local property tax appropriation of \$353,168.
- (3) On May 9, 2006, the Legislature approved HB 13 increasing the base student allocation from the \$5,352 included in the Proposed FY 2006-2007 Financial Plan to \$5,380, an increase of \$28/Adj. ADM for an increase of \$1.88M. In addition, a one-time appropriation of \$81.25/ADM School Improvement Grant provides for an additional \$3.92 M. Both of these are subject to the Governor's approval.

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

FY 2006-2007 Expenditure (3/14/06 AO No. 2006-37)	\$ 466,563,008
Previously Unidentified Expenditures	(436,467)
 Reinstated Items/Updated Information Using On-Going Revenue	
Reinstated Items	
Full Day Kindergarten Aides - 17.8 FTE	538,349
Counselors - 2 FTE	156,372
Middle School Elective Team Planning - 9 FTE	703,674
Director of Program Evaluation from .6 FTE to 1 FTE	46,500
Total Reinstated Items:	1,444,895
 Updated Information:	
Settled Contracts	651,000
Utilities	500,000
Administrative Assistant, Accounts Payable from Capital Projects Fund	46,600
Administrative Assistant, Purchasing from Capital Projects Fund	46,600
Charter School Share of Additional Funds	56,653
Total Updated Information:	1,300,853
 New Items:	
Assistant Principal to support Special Education Programs	95,000
Special Education Teachers to Support Students Attending North Star Hospital	234,558
Student Travel - High School Level	45,000
Offset Printshop Operator at KCC	77,000
Substitute Teacher Daily Rate Adjustment for Hard to Fill Positions	115,000
Total New Items:	566,558
Total Reinstated Items/Updated Information/New Items	\$ 2,875,839

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

Program Enhancements Using One-Time School Improvement Grant Revenue

One Time Expenditure Items

Student Management System	2,000,000
Special Education Summer School Support and Extended School Year	300,000
Electrical Panel (Lake Otis and Ptarmigan)	125,000
Curriculum Materials	203,000
Girl's Flag Football	150,000
Indoor Soccer Lease	170,000
High School Offset of Vending Machine Revenue Loss	300,000
Middle Level Offset of Vending Machine Revenue Loss	50,000
Elementary Houghton-Mifflin Reading/Intervention Support	322,850
Middle School Intervention	50,000
High School Intervention	50,000
Special Education Learning Intervention-Whaley	50,000
Assessment & Evaluation Data Assessment Support	25,000
Russian Immersion Support	15,000
Physical Education Support at Elementary Level	23,350
Implementation of IFAS Benefits Module	10,000
Classified Advertisement	10,000
Charter Schools' portion of School Improvement Grant	139,600
Total One Time Expenditure Items:	3,993,800
Total Major Budgeted Expenditure Increases/Decreases:	6,869,639
<u>FY 2006-2007 Revised Expenditure Budget</u>	<u>\$ 473,432,647</u>