ANCHORAGE SCHOOL DISTRICT
ANCHORAGE, ALASKA

ASD MEMORANDUM #192 (2009-2010) February 4, 2010

TO: SCHOOL BOARD

FROM: OFFICE OF THE SUPERINTENDENT

SUBJECT: FY 2010-2011 PROPOSED FINANCIAL PLAN (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 2010-2011 Proposed Financial Plan as set forth in the projected revenue and expenditure schedules in the memorandum (Attachment A). The total budget recommended is $789,443,892. This includes individual fund budgets currently projected as follows:

	(First Reading) FY 2010-2011 Financial Plan	(Second Reading) FY 2010-2011 Financial Plan
General Fund	$ ~~616,010,000~~	$ 617,010,000
Food Service Fund	17,809,900	17,809,900
Debt Service Fund	87,423,992	87,423,992
Local/State/Federal Grants Fund	67,200,000	67,200,000
Total – All Funds	$ ~~788,443,892~~	$ 789,443,892

The total of local tax contribution to be requested is $234,759,972.

It is further recommended that the School Board authorize the Superintendent to adjust the budget expenditure ceiling and the local tax contribution above in accordance with any adjustment to the implementation of AR NO. 2009-250(S), additional State approved funding, enrollment or any changes in charter schools

or any other economic changes that may impact the FY 2010-2011 Financial Plan.

PERTINENT FACTS:

UPDATED INFORMATION REFLECTED IN THE SECOND READING

During the first reading of the FY 2010-2011 Proposed Financial Plan, the superintendent indicated that after having just received the Federal Impact Aid payment for the current year, the administration was reviewing the projected amount of Federal Impact Aid included in next year's budget to determine if it could be increased. The superintendent also indicated that if additional revenue is identified, the intention is to reinstate a portion of the class size increase. After review of the amount of Federal Impact Aid (excluding payments received for prior year adjustments) received over the last five years and the continued anticipated presence of the military in Anchorage, it is anticipated that the amount of Federal Impact Aid revenue can be increased by $1.5 million, from $13.5 million to $15.0 million. In addition, based on the formula for calculating funding received from the Alaska Public School Funding Program, the additional Federal Impact Aid revenue reduces the amount that will be received from this state source by approximately $500,000, from $312.9 million to $312.4 million. The net amount of additional revenue is approximately $1.0 million.

Based on the increased revenue which increases the upper limit of the General Fund budget by $1.0 million, the administration is recommending that these funds be used to add back 12 teaching positions, which will partially reinstate the class size at the elementary level. Instead of a class size increase of .75 FTE in grades two through six, the class size will be increased by .25 FTE.

The total budget recommendation for the four funds — General, Food Service, Debt Service and Local/State/Federal Grants Funds has been adjusted to reflect the above General Fund revision. The revised total of the FY 2010-2011 Proposed Financial Plan (Second Reading) is $789,443,892.

With on-going education funding discussions by interested parties, or any mandated expenditures brought to our attention, it is recommended that the School Board not make any expenditure adjustments at this time. As updated information becomes available, it will be included in the FY 2010-2011 Financial Plan after the Legislative session ends this spring.

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 2010-2011 budget projections reflect the district's on-going efforts to achieve this balance, maximize performance, and contain costs.

These projections for FY 2010-2011 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 School Board goals with the responsibility of designating financial and human resources within projected revenues.

BUDGET DEVELOPMENT

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. Schools and departments 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 the Anchorage Assembly, community forums, community members, parents, students, and staff resulted in change or elimination of existing programs or implementation of new ones. In spite of all the uncertainties the focus still remains on evaluating the need for additional staff, supplies, and other operating expenses. It may be determined that efficiencies can be achieved through better resource management or teaming with other agencies such as with ASD supporting the Municipality with the school resource officer expenditures.

On November 2, 2009, a School Board FY 2010-2011 financial planning work session was held. The revenue projections were based on the Governor and Legislature forward funding the third and final year adjustments to the Alaska School Public Funding formula approved during the Twenty-fifth Legislative session. The administration continued to include in the projections employee relief provided by the state for the Teachers' Retirement System (TRS) and Public Employees' Retirement System (PERS) multi-employer cost-sharing plans. The state on behalf of the district funds the portion of the unfunded past

service and current normal cost rates in excess of levels specified in statute of 12.56 percent for TRS and 22.00 percent for PERS.

At the work session, the School Board also gave guidance to use a portion of the undesignated fund balance as a revenue source while maintaining a balance in the undesignated fund balance of 3.5 percent of the FY 2010-2011 projected budget.

On October 27, 2009, the Anchorage Assembly approved AR NO. 2009-250(S), a resolution indicating the Anchorage Assembly anticipated approving up to $191,994,683 in property tax revenue and up to $4,799,867 in additional property tax revenue for additional General Fund spending for district-related functions currently operated or funded by the Municipality. At the time of the School Board work session, discussions between the municipality and district included transferring half of the cost for the school resource officers to the district budget and providing additional property tax revenue to support the expenditures being transferred. The district continues to discuss with the municipality the feasibility for additional cost sharing expenditures.

On November 9, 2009, based on the guidelines given at the November 2, 2009 work session including discussion relative to the Anchorage Assembly's resolution on property taxes, the School Board approved for planning purposes an upper limit spending authorization for the General, Food Service, Debt Service and Local/State/Federal Grants Funds of $789,146,316, ASD Memorandum #98 (2009-2010). The School Board further approved that the budget ceiling could be adjusted based on further review and for additional functions currently operated by the municipality that would qualify under the resolution approved by the Assembly.

During the past two months as the administration proceeded forward in preparing a FY 2010-2011 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 reorganization within departments to improve efficiencies were made.

At the First Reading on January 28, 2010, updated information was provided on the major components of the tax cap limitation. The Alaska Department of Labor just released the population for 2009 for Anchorage, a component of the property tax cap limitation. The Anchorage population used in the five-year population formula increased the five-year average from .5 percent to .9 percent

for an additional $767,979 more than the $4,574,493 previously reported for a total of $5,342,472. Based on the current implementation of AR NO. 2009-250(S) the $5,342,472 allowed within the Municipality of Anchorage Charter property tax limitation is not available to the ASD due to the flat local property tax funding imposed by the Anchorage Assembly for FY 2010-2011.
Since the Anchorage Assembly set the local property tax contribution that supports the ASD Financial Plan at flat funding with the exception of additional tax appropriation if the district assumes expenditures previously under the responsibility of the Municipality, this updated information does not impact the ASD Proposed FY 2010-2011 Financial Plan.

Student enrollment, revenues, and expenditures are projected on a preliminary basis. The following sections on Student Enrollment Projections, General Fund Revenues and Expenditures, and Other Funds summarize the principal financial planning factors involved in preparing these initial FY 2010-2011 projections. Major revenue and expenditure considerations and budget development criteria are also included together with further discussions that have occurred with the Anchorage Assembly and municipal administration and input from the community, employees, parents, and students.

Expenditure Revisions made during the First Reading of FY 2010-2011 Proposed Financial Plan (January 28, 2010)

The School Board considered the FY 2010-2011 Proposed Financial Plan at a special meeting on January 28, 2010 after public testimony. Revisions were made to the General Fund. No revisions were made to the Food Service, Debt Service or the Local/State/Federal Grants Funds. The School Board's revisions during the first reading of the proposed budget are summarized on Attachment B. Listed below is a brief description of the revisions made to the General Fund.

Expenditure Revisions

The General Fund expenditure budget remained the same in total but line items were adjusted in the School Board (1001) and Non-Departmental (1099) budgets. The School Board adjusted line item accounts as follows:

- Reduce School Board Legislative Lobbying Travel —($10,000)
- Reduce Other Staff Legislative Lobbying Travel —($10,000)
- Eliminate Meals & Food — ($9,200)
- Increase the unallocated object code (3980) in Non-Department —$29,200.

At the end of the first reading the total budget recommendation for the four funds — General, Food Service, Debt Service and Local/State/Federal Grants Funds – remained at $788,443,892.

Expenditure Recommendation for Second Reading

- Partially reinstate class size at the elementary level to 24.25 FTE from 24.75 FTE (12.0 FTE) —($1,000,000)

The total budget recommendation for the four funds — General, Food Service, Debt Service and Local/State/Federal Grants Funds has been adjusted to reflect the above General Fund revision. The revised total of the FY 2010-2011 Proposed Financial Plan (Second Reading) is $789,443,892.

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, which in the past two years has been far from the norm, housing and both demographic and economic considerations. The General Fund budget is developed using the FTE (full-time equivalent) student count, weighing half-day kindergarten at one-half and preschool students at one-half, one-quarter or three-quarters FTE, which is consistent with their programs.

In order to project student enrollment, district staff works closely with the State Demographer, Municipal Department of Public Works, State Department of Labor and the State Bureau of Vital Statistics. The following schedule summarizes the actual and projected student enrollment information for FY 2007-2008 through FY 2010-2011 on both a full count and FTE basis.

	Actuals 2007-2008 9/30/07	Actuals 2008-2009 9/30/08	Actuals 2009-2010 9/30/09	Projected 2010-2011 9/30/10
Total Number	48,457	48,440	49,243	49,596
Change over previous year	(611)	(17)	803	353
FTE (Full-Time Equivalent)	48,211	48,169	49,049	49,338

Variable General Fund expenditures will be revised periodically for changes in enrollment projections. We will continue to review projected enrollment to determine if we need to make adjustments.

GENERAL FUND

The General Fund, consisting of each school's and department's budgets, accounts for the majority of the district's operations and activities. Therefore, this memorandum and most of the subsequent discussion and decisions on balancing the budget for next year will focus primarily on estimated revenues and expenditures of the General Fund.

Revenues

Alaska Public School Funding Program—The largest single revenue source to the district comes from the Alaska Public School Funding Program. The School Board and the administration greatly appreciate the Governor's and Legislature's early actions to approve forward funding for education and to increase K-12 education funding. FY 2010-2011 will be the third year of the approved forward funding. Support for fluctuations in utility costs, insurance and other expenses affected by inflation, and funding to assist with meeting adequate yearly progress as defined by state and federal regulations requires legislative recognition and action. During this upcoming legislative session, the district will continue to advocate for all students in our communities. Early passage of additional educational funding will ensure solid education programs continue. This is especially important in light of the October 27, 2009 Assembly action approving AR NO. 2009-250(S) as amended, regarding the Municipality of Anchorage property tax contribution to the district's General Fund.

The Alaska Public School Funding Program is based on the average daily membership (ADM)—determined by the district's enrollment and special education intensive count—processed through a school size factor and special needs formula to establish the district's "basic need." The required local contribution and a percentage of the Federal Impact Aid funding that the district receives for federally-connected students is then subtracted from the "basic need" to determine revenue. The Alaska Public School Funding formula defines the required local share as being the lesser of 45 percent of "basic need" or 4 mills times one-half of the annual increase in assessed valuation compared to the 1999 base year of total state assessed full and true valuation of local real estate, inventory and other taxed personal property for the second preceding year, added to the prior year's calculated assessed valuation. **An increase to the assessed valuation reduces the potential amount of Public School Funding revenue.** The Alaska Department of Community and Economic Development notified the district that the assessed valuation for Anchorage has increased from $34.912 billion to $35.129 billion.

This program is expected to provide approximately 56.7 percent of the district's General Fund revenues excluding the TRS and PERS projected $65.97 million annual payment by the state on behalf of the district for the unfunded past service liability in excess of levels specified in statute.

Based on current enrollment projections, the estimated amount of funding from the Alaska Public School Funding Program for FY 2010-2011 is $312.429 million, which is $15.398 million more than current FY 2009-2010 budget. The following factors contribute to the $15.398 million increase:

• $100 increase to the Base Student Allocation (BSA) from $5,580 to $5,680	$ 7.221 million
• Increase special education Intensive Needs factor from eleven times to thirteen times for current year budgeted Intensive Needs student population of 809	9.190 million
• Projected reduction of 84 Intensive Needs students for FY 2010-2011	(6.203) million
• Enrollment increase including Quality Schools (48,548 to 49,596)	6.457 million
• Increase from $34.912 billion to $35.129 billion in state assessed valuation	(.434) million
• Federal Impact Aid	(.833) million
Alaska Public School Funding Increase	$15.398 million

Local Property Taxes/Shared Services—The local property tax contribution is the district's second largest General Fund revenue source. In the past, the district maximum local property tax revenue has been based on the taxes available under the local property tax charter limitation independent of the municipality's share of the tax cap. The local property tax charter limitation provides for an annual adjustment for inflation, five-year Anchorage population change, operations and maintenance on new voter-approved facilities, and new construction.

For FY 2010-2011, this does not appear to be the case. The Anchorage Assembly has indicated that the projected local property tax revenue for FY 2010-2011 will be based on the October 27, 2009 approval by the Anchorage Assembly of AR NO. 2009-250(S), ***a resolution of the Anchorage Municipal Assembly regarding the annual operating budget of the Anchorage School District for its fiscal year 2010-2011.*** After a discussion which included clarifying the amendments, AR NO. 2009-250(S), as amended was approved. The Anchorage Assembly anticipates approving flat funding $191,994,683 in property tax revenue (amount eligible under the tax cap limitation for FY 2009-2010 rather than for FY 2010-2011) and up to $4,799,867 in additional property tax revenue

for additional General Fund spending for functions currently operated or funded by the Municipality. Included in these projections are half of the cost of the school resource officers ($1,214,575) and elimination of the discounted fare program passes ($6,600) for students for a total of $1,221,175 of additional allowable property tax revenue **along with the corresponding expenditures** leaving a balance of $3,578,692 to be used for cost sharing expenditures between the municipality and district. The district continues to discuss the feasibility for additional cost sharing expenditures with the municipality. **The amount of property taxes included in the FY 2010-2011 Proposed Financial Plan is $5,343,472 less than allowed under the property tax charter limitation.**

Federal Impact Aid—The revised revenue projection for Federal Impact Aid has been projected at 100 percent of projected entitlement, an anticipated ~~$13.5 million~~ $15.0 million. Uncertain at this time is any student enrollment adjustment as a result of the deployment of military personnel and the relocation of their families. The outcome of these military decisions will have an impact on future funding.

The amount of Federal Impact Aid revenue each year is uncertain because it is subject to pro-ration based on the annual funding appropriated by Congress. In addition, the percentage of the total number of federally–connected students to the total number of students for whom the state has direct responsibility—including military students and children educated at Mt. Edgecumbe—and potential formula changes, could result in fluctuations in Federal Impact Aid funding to the district. This coupled with the fluctuation from year-to-year in the number of students living on military land, which can partially result from on base/post housing renovations, adds to the uncertainty of Federal Impact Aid revenue during the budget process. We also do not know if the district will receive prior year adjustment payments during FY 2010-2011.

Fund Balance—The district's undesignated fund balance for the General Fund is a potential one-time source of revenue. Determining the appropriate level of fund balance required for a contingency reserve requires an exercise of judgment. Industry standards recommend a portion of the unreserved undesignated fund balance or contingency reserves remain between 3 to 5 percent of the budget. The undesignated fund balance needs to be maintained to protect against shortfalls in revenue collection, to allow for adequate cash flow management, and to provide the financial ability to meet emergencies.

In ASD Memorandum #98 Fiscal Year 2010-2011 Financial Planning, dated November 9, 2009, the administration included the use of $1.875 million of undesignated fund balance which was anticipated to still maintain an undesignated fund balance of 3.5 percent of the FY 2010-2011 projected budget as

directed by the School Board at the November 2, 2009 work session. The School Board recommended that the fund balance not be used for on-going expenses so that if the district needed to scale back or stop funding a program, it would not feel like there was a program cut or elimination. Over the course of the past two months and after all the steps of review taken to balance the FY 2010-2011 Preliminary Financial Plan, the administration found it necessary to use $1.975 million of undesignated fund balance. The use of the fund balance is anticipated to maintain an undesignated fund balance of 3.5 percent of the FY 2010-2011 Proposed Financial Plan. In addition, the district will designate the amount to uphold the agreement with the municipality to maintain a fund balance in the General Fund at year end in an amount equal to or greater than 8.25 percent of total revenues from local tax appropriations to enhance the municipality's bond rating.

Pupil Transportation Reimbursement—The Proposed FY 2010-2011 revenue projection for Pupil Transportation is based on the provision under HB 273 that allows an annual Consumer Price Index (CPI) adjustment to pupil transportation funding for FY 2010-2011. The use of 1.2 percent for the CPI means an estimated increase from $402 in the current year to $407 for FY 2010-2011. This amount will then be used to multiply the School District's ADM, less the ADM for the district's correspondence programs to calculate pupil transportation revenues. In addition, $180,000 is included to transport Alaska State School for the Deaf and Hard of Hearing (ASSDHH) students living in the Matanuska-Susitna Borough. This amount has been included in the Governor's budget for next year.

User Charges and Fees— Fees will continue to be assessed for musical instrument usage, ASD documents, high school and middle level student activity fees, high school parking fees, summer school, credit recovery course training fees, and rental fees. The administration is recommending a slight increase in student activities fees at this time with an increase in the family cap as shown in the chart below. In addition, fees relating to rental revenues have been reviewed for possible rate increases for the FY 2010-2011. After careful analysis, a change in the rate structure is not recommended at this time due to a current decrease in rental revenues over the prior year. The administration will continue to monitor rental activity in order to determine the feasibility of bringing forward a recommendation for rental rate increases at a later date.

The following rates are those currently in place for FY 2009-2010 and those that are recommended for FY 2010-2011 are as follows:

	FY 2009-2010	FY 2010-2011
Summer School – Elem/Middle	$85 per course	No change
Summer School – High School	$90 per course	No change

Music Instrument Usage Fee	$40 per instrument	No change
Middle Level Activity Fees	$80 per activity	$85 per activity
High School Activity Fees	$160 per activity	$165 per activity
High School Parking Fees	$50 per semester	No change
Facility Rental Fees	$635,000	Under Review
Family Cap for Activity Fees	$330	$335

E-Rate—The district has not yet received the funding commitment letter from the Universal Service Administrative Company (USAC) for FY 2009-2010; however, the district has been working with the Program Integrity Assurance group of USAC and anticipates a funding commitment letter later this year. There are no significant program changes that would materially alter FY 2010-2011 revenue projections from those of FY 2009-2010. The district receives all eligible revenues based on all eligible expenditures.

Expenditures

Student and program needs and a commitment to use the funds economically drive expenditure projections. Recommendations received from interested community members via the district's website and from the four community forums, staff, students, and the administration were considered and incorporated into the budget where appropriate, while always keeping in mind the district's core focus of providing educational services. All departments within the district were required to submit suggestions for a four percent reduction within their department. Based on evaluation of the various suggestions from the community, staff, students and administration, both revenue enhancements and expenditure reductions are incorporated to bring the budget into balance.

Salaries and Benefits—Employee salaries, wages, and benefits are projected to be approximately **89** percent of the operating cost of the district. The projections include consideration for contract negotiations for AEA (Anchorage Education Association) and Local 959 (Teamsters Warehouse & Maintenance-medical re-opener only). Compensation provisions for completed contracts and payroll tax adjustments known at this time are also included in the expenditure projections. The on-behalf payments by the state and the district's contribution for mandatory certificated retirement and classified retirement have been included. The projections assume the rate decrease to TRS and the rate increase for PERS adopted by the Alaska Retirement Management Board (ARMB) for 2011. The TRS rate will decrease from the current FY 2009-2010 rate of 39.53 percent to 38.56 percent; and the PERS rate will increase from the current rate of 27.65 percent to 27.96 percent.

Staffing—Staffing requirements have been adjusted based on the official projections set forth for September 30, 2010. Official projections are based on actual enrollment as of September 30, 2009.

Certificated Teaching Positions—In order to bring expenditures in balance with projected revenues, it was necessary to increase class size in second through twelfth grades as shown below (reduction of ~~41~~ 29 FTE teaching positions). Adjustments have been included for staffing based on enrollment changes, program realignment, and for staff requirements based on rural-urban transitioning. Over 90 languages, other than English, are spoken within the Anchorage School District schools; further adjustments have been made to meet the challenges arising from this language diversity.

Kindergarten (FTE)	20.50 to 1	20.50 to 1
Grade 1	21.00 to 1	21.00 to 1
Grades 2-3	24.00 to 1	~~24.75 to 1~~ 24.25 to 1
Grades 4-6	27.00 to 1	~~27.75 to 1~~ 27.25 to 1
Grades 7-8	25.54 to 1	26.25 to 1
Grades 9-12	27.08 to 1	27.91 to 1
Special Education	Staffing based upon demonstrated need / program (consistent with current year)	

Indirect Cost—In addition to charging eligible grants and the grant programs generated through stimulus funds, the administration plans to continue the practice of charging the Food Service Fund using the state-approved indirect cost rate. This practice more accurately reflects the cost of services provided to the Food Service Fund by various departments budgeted in the General Fund. The amount of indirect cost is anticipated to increase from $2.45 million to $4.345 million. This is partly due to a rate increase from 3.82 percent to 4.92 percent and partly due to the second year expenditures for the two-year stimulus grants received from the American Recovery and Reinvestment Act (ARRA).

Contracted Services—Where appropriate, an inflationary or vendor rate adjustment to contracts have been incorporated. Very close reviews of actual contracted services determine if inflationary or vendor increases are warranted. If other known rate increases are warranted, they were included in the budget. What is more challenging for the future is the unpredictability of energy costs which can somewhat be attributable to the fluctuation of oil prices. Utilities are budgeted based on analysis of usage and cost saving measures being taken, and are then adjusted according to projected rate increases and/or decreases as recommended by the utility agencies. Review of last year's actual usage and expenditures with continued review of current year and rate adjustments (occurring mid-year FY 2009-2010); have resulted in projecting the utilities budgets being lower than the current year.

Pupil Transportation—Expenditures for contracted pupil transportation routes for FY 2010-2011 include an increase based on COLA of 1.2 percent as provided in the contract. Funding has been included to provide transportation for the increase in homeless students identified by the district. For the current year, the district has seen a 38 percent increase in the homeless student population. At this time, there are no anticipated regular or special education route increases.

Major Maintenance Projects/Maintenance Department— In order to bring expenditures in balance with projected revenues, the administration cautiously reduced the major maintenance projects by $240,000 for FY 2010-2011. With the budgeted $2.194 million in major maintenance and $21.309 million in general maintenance included in the FY 2010-2011 General Fund, the $4.248 million in ARRA funding for building system renewals, and the building renewal projects funded by redirected bond and accrued interest, the administration feels confident that there is adequate funding to allow for this one-year reduction. As our facilities continue to age, it is understood that periodic maintenance must take place on a regular basis to keep the buildings in good repair for optimum safety and efficiency.

Supplies—Some departments may show an adjustment in supplies based on departmental need to service the total district program requirements (i.e., fuel required to run district buses and vehicles and postage charges). The current projections do not include any inflationary increase to the per pupil allocation for school supplies and equipment over the current year.

Equipment—In order to bring expenditures in balance with projected revenues, the administration cautiously reduced technology refresh by $2.0 million, from $4.954 million to $2.954 million. This will slow down the ability to refresh technology across the district with an adequate number of computers in a consistent time frame.

Replacement equipment purchases between $5,000 and $50,000 will be purchased from the Equipment Replacement Fund. However, the value range needs to be reviewed in the near future to determine if this is an appropriate range or that it should be increased.

The following are some of the major increases and decreases in the FY 2010-2011 Proposed Financial Plan. A more detailed listing of revenues and expenditures can be found on Attachment B.

The following are the major expenditure increases:

Staffing/Supplies/Equipment Increase Due to Higher Enrollment—$7,169,728

Staffing and supply/equipment allocation increase at the elementary, middle level, high school, charter schools and special education. (69.175 FTE AEA positions; 26 FTE Totem/ACE positions).

Position Increases—The following positions have been added outside of direct classroom support to provide better service.

- IT Project Manager (1.0 FTE) to support the implementation of the many projects, i.e. Time/Leave, IEP, Computer Refresh, IFAS 7.9, Data Warehouse —$100,451
- IT Subject Matter Expert (2.0 FTE) to support IFAS 7.9 implementation and business process review requirements —$200,899
- Maintenance Technician (.5 FTE) to support the maintenance of the added laptops entering the district through both the computer refresh and netbook initiative —$41,531
- Purchasing Agent (1.0 FTE) to support the computer refresh buys and the increase in required technical RFI and RFP issuances —$85,149
- Administrative Assistant (1.0 FTE) for Curriculum and Instructional Services —$68,787
- Science Technology Math (STEM) Coordinator position (1.0 FTE) —$120,746

The following are some of the major expenditure reductions:

- Increase class size
  - K and 1st grade – no change
  - 2-6 grades – increase by .25 FTE (7.0 FTE) —$626,100
  - 7-8 grades – increase by .71 FTE (8.0 FTE) —$715,500
  - 9-12 grades – increase by .83 FTE (14.0 FTE) —$1,252,100
- Eliminate (1.0 FTE) high school/alternative school assistant principal —$125,271
- Eliminate (1.0 FTE) elementary assistant principal —$115,014
- Reduce technology computer refresh district wide —$2,000,000
- Eliminate Creating Successful Futures II/SEL (2.0 FTE) for 4-6th grades/supplies —$182,152
- Eliminate Literacy Teachers (4.0 FTE) at the elementary level who provided professional development —$350,604
- Reduce elementary level addenda for Standard Based Assessment (SBA) preparation by 50 percent —$30,850
- Reduce Learning Opportunity Intervention at the elementary level by 50 percent —$200,000
- Reduce funds to support school board goals in reading at the elementary level —$126,000

- Reduce summer school at the elementary level by 50 percent —$349,928
- Reduce building curriculum materials/support at the middle level —$71,387
- Reduce middle level educational technology support programs —$60,000
- Reduce middle level school-based support for struggling student interventions —$51,500
- Reduce addenda by reorganization of zero hour pre-algebra to be offered through an online program at middle level —$133,910
- Reduce addenda for trainings, summer academy and world language support at the middle level — $28,712
- Reduce summer school remediation program at the middle level from three sites to two and/or limit the number of students served — $114,055
- Reduce addenda at each middle school for student activities/teacher training — $75,474
- Reduce each middle school supply and equipment budget by 10 percent — $86,513
- Eliminate Graduation Support Coordinator at Polaris (.5 FTE) —$46,347
- Reduce summer school (enrichment courses) at the high school level —$58,006
- Eliminate Graduation Support Coordinators at South/Eagle River (1.5 FTE) —$137,459
- Reduce HSGQE remediation initiatives —$50,000
- Reduce recruitment incentive for signing bonus/tuition assistance —$51,705
- Reduce Gifted Program staff (.5 FTE teaching position; .375 FTE kindergarten teacher assistant) and teaching supplies —$124,431
- Eliminate alternative programs' secretarial support (1.0 FTE)
- —$67,369
- Eliminate Science and Math Coordinators (2.0 FTE) —$241,492
- Reduce Substitute Teacher funds for curriculum and instructional trainings —$160,050
- Reduce Zangle Implementation Funds —$77,847
- Reduce Major Maintenance Projects —$240,000

Other Expenditure Reductions—Other cost saving program reductions and positions that were eliminated in the FY 2010-2011 budget are as follows:

- Eliminate Executive Secretary (.8 FTE) Support Services —$63,375
- Eliminate Executive Secretary (1.0 FTE) Curriculum & Instructional Services—$86,944
- Reduce Legal Fees —$70,000

- Reduce extra help, meals and food, supplies, fuel, contracted services, staff travel and recruitment travel, memberships across the administration departments —$429,294
- Utility projections resulting from rates reductions as well as conservation of energy —$1,362,082
- Eliminate one-time purchase of buses (5) —$450,822
- Eliminate Clark Middle School supply allocation for re-opening school —$315,315

Functions previously operated or funded by the Municipality transferred to the Anchorage School District

- School Resource Officers (SRO) will be funded by the Municipality of Anchorage and the Anchorage School District. The total cost is split equally at 50 percent each for FY 2010-2011. —$1,214,575
- Eliminate discounted fare bus passes for students —$6,600

OTHER FUNDS

Food Service Fund—This fund is used to budget and account for operations of the Student Nutrition Program. The budget for this fund covers both the direct and indirect cost of providing meals to students. These costs include all payroll costs, including staff, food costs, the cost of support services, equipment repair and replacement costs, and overhead charges. Compensation provisions for completed contracts and upward movement in food costs have been included in the projections. The FY 2010-2011 budget has increased from $16,828,000 to $17,809,900 or 5.83 percent as compared to FY 2009-2010.

The revenue sources for the Food Service Fund budget include revenue from meal sales and federal reimbursement for meals served. These projections also continue to include the employee relief provided by the state for the Public Employees' Retirement System (PERS) multi-employer cost-sharing plan. The projections being presented assume the rate increase for PERS adopted by the ARMB increasing from the current rate of 27.65 percent to 27.96 percent.

Use of $600,000 of undesignated fund balance is included in the FY 2010-2011 Food Service budget to support a several year delay in equipment purchases. The undesignated fund balance of June 30, 2009 was $1.074 million. Using $600,000 of fund balance will provide an undesignated fund balance of 2.7 percent of the

FY 2010-2011 projected budget. These projections do not reflect any increase in elementary, middle, and high school breakfast and lunch full-price meals. It is projected that no local tax support will be required for the Food Service Fund in FY 2010-2011.

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. The debt service projections set forth in this memorandum include an anticipated $20 million bond sale of authorized unissued bonds. The Assembly's passage of AR NO. 2009-250(S) resolves to fully fund the district's property tax contribution for debt service.

Local / State / Federal Grants Fund—Expenditures in the Local/State/Federal Grants Fund are offset by matching revenues. The district continues to be successful in increasing grant funding from various state and federal agencies and other sources. Revenues available through grants for these projects include competitively awarded grant funds—most of which are subject to annual federal and state appropriations. It is projected that budgets for these grants for FY 2010-2011 may increase approximately $5.0 million based on discussion with grant writers and current year grant awards. In addition, the projections include the State TRS/PERS reimbursement on behalf of the district for salaries paid from grant funds. The district previously accepted and appropriated the full amount of the two-year ARRA grant funds in FY 2009-2010 and therefore they are not reflected in the FY 2010-2011 budget.

FISCAL YEAR BUDGET COMPARISON

The following schedule compares by fund the FY 2010-2011 projected revenues/expenditures with those currently approved for FY 2009-2010. At this time, unknowns still remain such as contract negotiations and mandated services that may require funding.

REVENUE/EXPENDITURE BUDGETS

Fund	Revised Budget FY 2009-2010	Proposed Budget FY 2010-2011	% Over / (Under) Prior Year
General	$ 598,467,232	$ 617,010,000	3.10%
Food Service	16,828,000	17,809,900	5.83%
Debt Service	85,907,658	87,423,992	1.77%
L/S/F Grants	62,200,000	67,200,000	8.04%

Stimulus Funds	67,437,190	-0-	(100.0)%
All Funds	$ 830,840,080	$ 789,443,892	(4.98)%

TAXES

	Revised Budget FY 2009-2010	Proposed Budget FY 2010-2011	Increase
General Fund	$191,913,748	$ 191,994,683	$ 80,935 (a)
Allowable for shared services		1,221,175	1,221,175
Debt Service	41,033,834	41,544,114	510,280
All Funds	$232,947,582	$ 234,759,972	$ 1,812,390

(a) Includes an additional $80,935 of taxes per AR NO. 2009-250(S) as amended.

STUDENT ENROLLMENT PROJECTIONS

	FY 2009-2010 Actuals Sept. 30, 2009	FY 2010-2011 Projected Sept. 30, 2010	Change Over Prior Year's Actual
Enrollment	49,243	49,596	353
Full Time Equivalent (FTE)	49,049	49,338	289

In preparing the FY 2010-2011 Proposed Financial Plan, many budget development uncertainties face the district.

- Legislative action
- Identifying possible shared services/and or functions currently operated or funded by the Municipality to increase ASD tax base
- School Board areas of interest
- Projected enrollment
- Contract negotiations for AEA (Anchorage Education Association), Local 959 (Teamsters Warehouse & Maintenance –medical re-opener)
- Rate increase notifications from outside agencies
- ESEA-No Child Left Behind requirements
- Further evaluation of current/new fees
- School Board Goals/Six-Year Instructional Plan
- Assessment/Testing Impact
- Deployment of military personnel and the relocation of their families
- The assessed valuation used in setting the mill levy will not be finalized until March/April 2010
- Federal Impact Aid subject to annual appropriation

- Fluctuation of oil prices
- Further evaluation of current/new fees

SUMMARY

Our assumptions in preparing the FY 2010-2011 Proposed Financial Plan are based on, but not limited to, the following criteria:

- Alaska Public School Funding Program—BSA from $5,580 to $5,680, increase in the special education intensive needs factor from eleven times to thirteen times
- Quality Schools Grant—no increase to per pupil amount of $16
- Pupil transportation funding to include CPI adjustment – $402 to $407
- State reimbursement funding for the ARMB approved percentage rates to the Certificated (between 12.56% and 38.56%) and Classified (between 22% and 27.96%) Retirement Systems
- Balanced budget for presentation to the Anchorage Assembly—expenditures equal revenues
- Local Property Taxes—Assembly approval on October 27, 2009 of AR NO. 2009-250(S) as amended limiting tax amount
- Use of Undesignated Fund Balance as a revenue source—using $1.975 million of undesignated fund balance to reduce the fiscal gap will provide an undesignated fund balance of 3.5 percent
- Potential adoption or expansion of programs must be funded within existing resources

CC/JS/MSL

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

Attachment A
Revised February 4, 2010

Anchorage School District
Fiscal Year 2010-2011

PROJECTED REVENUES AND EXPENDITURES SUMMARY

Fund	Revenues and Fund Balance: Local: Taxes	Local: Other	State	Federal	2010-2011 Revenue/Source Projections	2010-2011 Expenditure Projections
General	$ 193,215,858	$ 8,149,000	$ 398,865,142	$ 16,780,000	$ 617,010,000	$ 617,010,000
Food Service		5,884,675	338,949	11,586,276	17,809,900	17,809,900
Debt Service	41,544,114		45,879,878		87,423,992	87,423,992
	234,759,972	14,033,675	445,083,969	28,366,276	722,243,892	722,243,892
Local, State and Federal Grants		2,666,989	7,591,362	56,941,649	67,200,000	67,200,000
TOTAL	$ 234,759,972	$ 16,700,664	$ 452,675,331	$ 85,307,925	$ 789,443,892	$ 789,443,892
Percentage of Revenue Sources to Total Revenue Projections	29.73%	2.12%	57.34%	10.81%	100.00%	

Computation of Total Taxes
for Calendar Year 2010

		General Fund	Debt Service Fund
Amount required to fund second half of Adopted FY 2009-2010 Budget: January 1, 2010/June 30, 2010	$232,947,582 x 50% =	$ 95,956,874	$ 20,516,917
Amount required to fund first half of Adopted FY 2010-2011 Budget: July 1, 2010/December 31, 2010	$234,759,972 x 50%	96,607,929	20,772,057
TOTAL Taxes for Calendar Year 2010		$ 192,564,803	$ 41,288,974

Total Taxes for Calendar Year 2010

1)	Total Taxes 2010	$ 233,853,777	=7.67 mills	$ 192,564,803	$ 41,288,974
	Assessed Valuation	$ $30,488,189,681		$ 30,488,189,681	$ 30,488,189,681
				6.32 mills	1.35 mills

1) The preliminary 2010 mill rate is based on a assessed valuation provided by the Municipality of Anchorage Office of Management and Budget. (December 2009) The final assessed valuation will not be available until April 2010.

Anchorage School District
Fiscal Year 2010-2011

PROJECTED REVENUES SUMMARY BY FUND
FISCAL YEARS 2008-2009 TO 2010-2011

Fund	FY 2008-2009 Revised	FY 2009-2010 Revised	FY 2010-2011 Projections	FY 2010-2011 Change over FY 2009-2010 Revised Amount	Percent
General	$ 580,915,706	$ 598,467,232	$ 617,010,000	$ 18,542,768	3.10%
Food Service	16,867,000	16,828,000	17,809,900	981,900	5.83%
Debt Service	83,326,284	85,907,658	87,423,992	1,516,334	1.77%
Local/State/ Federal Grants	55,710,000	62,200,000	67,200,000	5,000,000	8.04%
Stimulus Funds		67,437,190		(67,437,190)	(100.00%)
TOTAL	$ 736,818,990	$ 830,840,080	$ 789,443,892 (A)	$ (41,396,188)	(4.98%)
Taxes					
General	$ 178,556,242	$ 191,913,748	$ 193,215,858	$ 1,302,110	0.68%
Debt Service	39,415,466	41,033,834	41,544,114	510,280	1.24%
TOTAL	$ 217,971,708	$ 232,947,582	$ 234,759,972	$ 1,812,390	0.78%

(A) The third and final year recommended funding by the Joint Legislative Education Task Force (JLETF) was used for FY 2010-2011 which provides for a base student allocation of $5,680, increase in the special education intensive factor from eleven to thirteen times and the continuation of a CPI adjustment for pupil transportation funding. Includes estimated State retirement system employer relief funding for certificated (26.00%) and classified (5.96%) retirement.

Anchorage School District

REVENUE and FUND BALANCE SUMMARY BY FUND AND SOURCE

Revised February 4, 2010

	FY 2008-2009 Audited Actual	FY 2008-2009 Revised	2009-2010 Revised	2010-2011 Projections	Inc/(Dec) over FY 2009-2010 Revised Budget
General Fund					
Local Revenue/Fund Balance					
Local Taxes	$ 178,556,242	$ 178,556,242	$ 191,913,748	$ 193,215,858	$ 1,302,110
Interest	1,734,779	3,800,000	2,215,000	2,600,000	385,000
Other Local	3,899,702	3,479,500	3,591,000	3,574,000	(17,000)
Fund Balance		3,959,000	3,900,000	1,975,000	(1,925,000)
	184,190,723	189,794,742	201,619,748	201,364,858	(254,890)
State Revenue					
Alaska Public School Funding Program	281,733,376	280,751,745	297,031,000	312,428,682	15,397,682
School Improvement Grant					
Pupil Transportation	18,176,337	18,005,000	19,081,000	20,059,326	978,326
Fund Transfer to Debt Service	(167,000)	(167,000)			-
TRS/PERS Employer Relief	73,805,572	78,947,735	66,547,000	65,968,650	(578,350)
Supplemental State Funding	408,484	408,484	408,484	408,484	-
	373,956,769	377,945,964	383,067,484	398,865,142	15,797,658
Federal Revenue					
Federal Impact Aid	14,639,709	12,500,000	13,000,000	15,000,000	2,000,000
Medicaid Reimbursement				1,000,000	1,000,000
R.O.T.C.	579,250	675,000	780,000	780,000	-
	15,218,959	13,175,000	13,780,000	16,780,000	3,000,000
Total General Fund	**573,366,451**	**580,915,706**	**598,467,232**	**617,010,000**	**18,542,768**
Food Service Fund					
Sales	5,008,314	5,998,944	5,284,673	5,284,675	2
Fund Balance				600,000	600,000
PERS Employer Relief	634,508	720,000	300,000	338,949	38,949
Federal Reimbursement	10,984,019	10,148,056	11,243,327	11,586,276	342,949
Total Food Service	**16,626,841**	**16,867,000**	**16,828,000**	**17,809,900**	**981,900**
Debt Service Fund					
Local Revenue/Fund Balance					
Local Taxes	39,415,466	39,415,466	41,033,834	41,544,114	510,280
Interest	2,570				
Fund Transfer	342,889	167,000			-
	39,760,925	39,582,466	41,033,834	41,544,114	510,280
State Sources					
Debt Service	43,487,039	43,743,818	44,873,824	45,879,878	1,006,054
	43,487,039	43,743,818	44,873,824	45,879,878	1,006,054
Total Debt Service	**83,247,964**	**83,326,284**	**85,907,658**	**87,423,992**	**1,516,334**
Local/State/Federal Grants					
Local Grants	1,855,015	778,720	999,685	2,666,989	1,667,304
State Grants	2,372,610	1,663,001	1,598,719	1,991,362	392,643
Federal Grants	39,000,097	48,068,279	121,238,786	56,941,649	(64,297,137)
TRS/PERS Employer Relief	4,882,888	5,200,000	5,800,000	5,600,000	(200,000)
Total Local/State/Federal Grants	**48,110,610**	**55,710,000**	**129,637,190**	**67,200,000**	**(62,437,190)**
Total Revenues	**$ 721,351,866**	**$ 736,818,990**	**$ 830,840,080**	**$ 789,443,892**	**$ (41,396,188)**
Total Expenditures	**$ 721,351,866**	**$ 736,818,990**	**$ 830,840,080**	**$ 789,443,892**	**$ (41,396,188)**
Total Taxes – Fiscal Year	**$ 217,971,708**	**$ 217,971,708**	**$ 232,947,582**	**$ 234,759,972**	**$ 1,812,390**

The third and final year recommended funding by the Joint Legislative Education Task Force (JLETF) was used for FY 2010-2011 which provides for a base student allocation of $5,680, increase in the special education intensive factor from eleven to thirteen times and the continuation of a CPI adjustment for pupil transportation funding. Includes estimated State retirement system employer relief funding for certificated (26.00%) and classified (5.96%) retirement.

Anchorage School District
Fiscal Year 2010-2011

SUMMARY OF GENERAL FUND REVENUES

	FY 2008-2009 Audited Actual	Percent	FY 2008-2009 Revised	Percent	FY 2009-2010 Revised	Percent	FY 2010-2011 Projections	Percent
Local Sources								
Local Property Taxes	$ 178,556,242	31.14 %	$ 178,556,242	30.74 %	$ 191,913,748	32.07 %	$ 193,215,858	31.31 %
Other Local	5,634,481	0.98	7,279,500	1.25	5,806,000	0.97	6,174,000	1.00
Fund Balance			3,959,000	0.68	3,900,000	0.65	1,975,000	0.32
State Sources (A)	374,123,769	65.25	378,112,964	65.09	383,067,484	64.01	398,865,142	64.65
Fund Transfer to Debt Service (B)	(167,000)	(0.03)	(167,000)	(0.03)				
Federal Sources	15,218,959	2.65	13,175,000	2.27	13,780,000	2.30	16,780,000	2.72
TOTAL	$ 573,366,451	100.00 %	$ 580,915,706	100.00 %	$ 598,467,232	100.00 %	$ 617,010,000	100.00 %

(A) FY 2008-2009 through FY 2010-2011 include projected State retirement system employer relief funding.

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

Anchorage School District
Fiscal Year 2010-2011

SCHEDULE OF GENERAL FUND REVENUES FROM LOCAL SOURCES/FUND BALANCE

Local Sources	FY 2008-2009 Audited Actual	FY 2008-2009 Revised	FY 2009-2010 Revised	FY 2010-2011 Projections
Municipality of Anchorage Appropriation of Taxes	$ 178,556,242	$ 178,556,242	$ 191,913,748	$ 191,994,683
Additional tax appropriation allowable for shared services between the Municipality of Anchorage and the ASD (A)				1,221,175
Other Local				
Career Center Instructional Projects	63,873	76,000	71,000	71,000
Facilities Rentals	580,448	629,000	635,000	650,000
Nonresident Tuition	3,910	2,500	15,000	15,000
Credit Recovery Fees (B)	55,447	10,000	50,000	60,000
Summer School - Elementary (C)	23,225	26,500	25,000	25,000
Summer School - Middle Level (C)	16,285	40,000	39,500	25,000
Summer School - Secondary (D)	255,066	265,000	250,000	256,000
Musical Instrument Usage Fee (E)	27,185	25,000	25,000	26,000
Middle School Activity Fees (F)	228,843	232,000	235,000	250,500
High School Activity Fees (G)	713,689	750,000	715,000	742,500
High School Parking Fees (H)	191,558	197,000	199,000	192,500
Other Fees (Training Fees, Documents) (I)	44,259	81,500	85,000	85,000
Property Sales, Insurance Proceeds, and Miscellaneous	104,264	245,000	246,500	175,500
Interest Earnings	1,734,779	3,800,000	2,215,000	2,600,000
E-rate (J)	1,591,650	900,000	1,000,000	1,000,000
Fund Balance		3,959,000	3,900,000	1,975,000
	5,634,481	11,238,500	9,706,000	8,149,000
TOTAL	$ 184,190,723	$ 189,794,742	$ 201,619,748	$ 201,364,858

(A) Shared services with the Municipality of Anchorage (AR NO. 2009-250(S)
(B) Credit Recovery Course Fee - $85/course
(C) Summer School - $85 with continuation in FY 2010-2011
(D) Summer School - $90 with continuation in FY 2010-2011
(E) Musical Instrument Usage Fee - $40 with continuation in FY 2010-2011
(F) Middle Level Activity Fees - $85 in FY 2010-2011, $80 in FY 2009-2010, Family Cap $335 ~~$330~~ (Middle and High combined)
(G) High School Activity Fees - $165 in FY 2010-2011, $160 in FY 2009-2010, Family Cap $335 ~~$330~~ (Middle & High combined)
(H) High School Parking Fees - $50/semester with continuation for FY 2010-2011
(I) Training Fees - $25 per course with continuation for FY 2010-2011
(J) E-rate established by Congress to provide funding to K-12 schools for telecommunications, Internet access and internal connections (Network Infrastructure).

Anchorage School District
Fiscal Year 2010-2011

COMPUTATION OF MUNICIPAL PROPERTY TAX LIMITATION
Taxes Allowable under the Charter Limit vs. Flat Funding and Transferred Services

			Charter Limit	Flat Funding & Transferred Services
Taxes Projected—Anchorage School District FY 2009-2010			$ 232,947,582	$ 232,947,582
Less: Prior Year Taxes Required for Debt Service			41,033,834	41,033,834
Net Taxes Approved for General Fund			191,913,748	191,913,748
Additional Allowable Charter Property Tax for FY 2009/2010			80,935	80,935
Total Allowable Charter Property Tax for FY 2009/2010 (1)			191,994,683	191,994,683
Adjustment Factors				
Population— 5 year Average	0.9 %	as of 1/27/2010		
CPI—5 year Anchorage Urban	1.2	as of 1/16/2010		No Adjustment Factor
	2.1 %		4,012,689	
Basic Tax Limitation			196,007,372	191,994,683
Plus Exclusions:				
Judgments/Legal Settlements			157,281	
Taxes for Operations and Maintenance on New Voter Approved Facilities				No O & M
Taxes Requested on New Construction/Property Improvements (2)			2,393,677	No Adjustment Factor
Plus Shared Services for Expenditures Transferred from the Municipality (AR NO. 2009-250(S): (4)				
School Resource Officers (50% to offset 50% expenditures)				1,214,575
Discontinued Discounted Fare Bus Passes				6,600
Tax Limitation—General Fund			198,558,330	193,215,858
Taxes Requested for Debt Service			41,544,114	41,544,114
TAX LIMITATION FY 2010-2011			240,102,444	234,759,972
General Fund	$ 193,215,858			
Debt Service Fund (3)	41,544,114			
TAXES PROJECTED IN FINANCIAL PLAN—FY 2010-2011			234,759,972	234,759,972
AMOUNT OVER (UNDER) as allowed by the Property Tax Cap Limitation under the MOA Charter			$ (5,342,472)	$ (5,342,472)

Notes:
(1) 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. The Assembly reduced the ASD FY 2009-2010 tax request (by $3,839,833) on AO NO. 2009-17(S). The Acting Mayor vetoed the Assembly's action pursuant to Home Rule Charter subsection 5.02.(c) and 7.02.(c) on March 30, 2009. No further Assembly action was taken, so (per AMC 6.10.080 D) the total amount of the budget as originally submitted (AO 2009-17) was automatically approved without further action by the Assembly. This action resulted in $80,935 less allowable property tax under the Charter limit.
(2) Taxes on new construction or property improvements, excluded from the limitation the first year, are computed as follows: 7.18 mills x $333,380,158 (2009 Preliminary new construction/property improvement value verified by the Municipality of Anchorage's Office of Management and Budget, Fall 2009) = $2,393,677.
(3) The taxes approved for debt service are for sold bonds approved by the qualified voters. These projections include an anticipated $20 M bond sale of authorized unissued bonds.
(4) A resolution of the Anchorage Municipal Assembly (AR NO 2009-250(S))regarding the annual operating budget of the Anchorage School District for its fiscal year 2010-2011 (specifically property tax revenue); balance remaining $4,799,867-$1,221,175 = $3,578,692.

Anchorage School District
Fiscal Year 2010-2011

Revised February 4, 2010

SCHEDULE OF GENERAL FUND REVENUES FROM STATE SOURCES

State Sources		FY 2008-2009 Audited Actual	FY 2008-2009 Revised	FY 2009-2010 Projections	FY 2010-2011 Projections
Alaska Public School Funding Program	(A)	$ 281,733,376	$ 280,751,745	$ 297,031,000	$ 312,428,682
Pupil Transportation	(B)	18,176,337	18,005,000	19,081,000	20,059,326
Transfer to Debt Service Fund		(167,000)	(167,000)		
Supplemental State Funding and Grants:					
On-Base Schools	(C)	408,484	408,484	408,484	408,484
Retirement System Employer Relief - TRS	(D)	64,195,142	69,137,387	62,183,000	61,092,650
Retirement System Employer Relief - PERS	(D)	9,610,430	9,810,348	4,364,000	4,876,000
TOTAL		$ 373,956,769	$ 377,945,964 (H)	$ 383,067,484	$ 398,865,142

Notes:

(A) Alaska Public School Funding Program - FY 2010-2011

Basic Need Equals 73,870.99 Adjusted ADM x $5,680 Student Allocation and 13 times for intensive students	$ 419,587,221
Minus 4 Mills x Foundation Defined Anchorage Assessed Valuation of $25.395 billion	(101,579,642)
Minus Deductible Portion of Federal Impact Aid	(6,760,833)
Add $16/ adjusted ADM for Quality Schools	1,181,936
Total Alaska Public School Funding Program Aid	$ 312,428,682

(B) Pupil Transportation - District operated and contracted transportation reimbursement annual CPI (used 1.2 percent/$407)
This amount is then multiplied by the school district's ADM, less the ADM for the district's correspondence program

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

(D) Supplemental State funding for the Teachers and Public Employees Retirement Systems rate increases.

Anchorage School District
Fiscal Year 2010-2011

SCHEDULE OF GENERAL FUND REVENUES FROM FEDERAL SOURCES

Federal Sources	FY 2008-2009 Audited Actual	FY 2008-2009 Revised	FY 2009-2010 Revised	FY 2010-2011 Projections
Federal Impact Aid (A)	$ 14,639,709	$ 12,500,000	$ 13,000,000	$ 15,000,000
Medicaid (B)				1,000,000
R.O.T.C. (C)	579,250	675,000	780,000	780,000
TOTAL	$ 15,218,959	$ 13,175,000	$ 13,780,000	$ 16,780,000

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

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

(C) Revenues for FY 2010-2011 reflect trend data of revenue receipts.

Anchorage School District
School Board Approved Budget Revisions on January 28, 2010
FY 2010-2011

Item	PROGRAM DESCRIPTION	FTE	First Reading 1/28/2010 Expenditures Amount	First Reading 1/28/2010 Revenues Amount
General Fund			$ 616,010,000	$ 616,010,000
	Expenditure Revisions			
1.	Reduced School Board Legislative Lobbying Travel		(10,000)	
2.	Reduced Other Staff Legislative Lobbying Travel		(10,000)	
3.	Eliminated School Board Meals and Food		(9,200)	
4.	Non-Departmental Unallocated		29,200	
	Total Net Revisions		$ 0	$ 0
	General Fund Total		$ 616,010,000	$ 616,010,000
	Recommendation for Second Reading February 4, 2010			
	Revenue Revisions			
	State			
1.	Alaska Public School Funding Program			(500,000)
	Federal			
	Impact Aid			1,500,000
	Expenditure Revisions			
1.	Partially reinstate class size at the elementary level to 24.25 FTE from 24.75 FTE	12.0	1,000,000	
	Total Net Revisions	12.0	$ 1,000,000	$ 1,000,000
	General Fund Total	**12.0**	**$ 617,010,000**	**$ 617,010,000**
	General Fund		$ 617,010,000	$ 617,010,000
	Food Service Fund		17,809,900	17,809,900
	Debt Service Fund		87,423,992	87,423,992
	Local, State, and Federal Grants Fund		67,200,000	67,200,000
	Interim Total as of 2/04/2010		$ 789,443,892	$ 789,443,892

Attachment C
Revised February 4, 2010

ANCHORAGE SCHOOL DISTRICT
GENERAL FUND
SUMMARY OF MAJOR BUDGETED REVENUE INCREASES AND REDUCTIONS
FY 2009-2010 COMPARED TO FY 2010-2011
SECOND READING

FY 2009-2010 Revised Revenue Budget as of August 11, 2009	**$**	**598,467,232**
Major Budgeted Revenue Reductions:		
Fund Balance		(1,925,000)
TRS/PERS Incremental		(578,350)
Property Sales, Insurance Proceeds, and Miscellaneous		(71,000)
Summer School (Middle Level)		(14,500)
High School Parking Fees		(6,500)
Total Major Budgeted Revenue Reductions:		(2,595,350)
Adjusted Revenues After Reductions:		595,871,882
Major Budgeted Revenue Increases:		
Alaska Public School Funding Program		15,397,682
Taxes		
School Resource Officers (SRO's)		1,214,575
Tax Appropriation		80,935
Eliminate Discounted Fare Bus Passes		6,600
Medicaid		1,000,000
Pupil Transportation		978,326
Federal Impact Aid		2,000,000
Interest Earnings		385,000
High School Activity Fees		27,500
Middle School Activity Fees		15,500
Facilities Rentals		15,000
Credit Recovery Fees		10,000
Summary School (Secondary)		6,000
Music Instrument Usage Fees		1,000
Total Major Budgeted Revenue Increases:		21,138,118
Net Change:		18,542,768
FY 2010-2011 PROPOSED REVENUE BUDGET	**$**	**617,010,000**

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ANCHORAGE SCHOOL DISTRICT
GENERAL FUND
SUMMARY OF MAJOR BUDGETED EXPENDITURE INCREASES AND REDUCTIONS
FY 2009-2010 COMPARED TO FY 2010-2011
SECOND READING

FY 2009-2010 Revised Budget as of August 11, 2009	**$**	**598,467,232**
Major Expenditure Increases & Decreases:		
Districtwide		
Previously settled contracts and pending negotiations for various districtwide contracts up for renewal		23,343,486
Property and liability insurance, including brokerage administration fees		17,900
Mileage		12,377
	Total Districtwide Increases:	23,373,763
Technology refresh		(2,000,000)
Indirect cost rate increase from 3.82% to 4.92%		(1,894,178)
Utilities (heat, water, electricity, telephone, refuse) adjusted for rate changes and usage		(1,362,082)
Incremental TRS and PERS		(717,668)
Attrition		(300,000)
Decrease in workers' compensation rate for all employees		(208,963)
Advertising and copier lease		(115,062)
Bond campaign		(45,000)
Equipment replacement fund		(34,679)
	Total Districtwide Decreases:	(6,677,632)
	Total Districtwide Changes:	16,696,131
Elementary		
Elementary Classroom Teachers (30.0 FTE) due to increased enrollment		2,629,530
Supply & Equipment allocation for increased enrollment		43,718
	Total Elementary Increases:	2,673,248
Increased pupil/teacher ratio by .25 students for grades 2 through 6 (-7.0 FTE)		(626,100)
~~Increased pupil/teacher ratio by .75 students for grades 2 through 6 (-19.0 FTE)~~		
Elementary Reading Specialists (-4.0 FTE) and Creating Successful Futures Counselors (-2.0 FTE) transferred to grant fund		(532,756)
Summer school - Elementary		(349,928)
Funding to provide additional opportunities for reading/writing/math academic achievement improvement by 50%		(200,000)
Funds to support the School Board goals on reading		(126,000)
Eliminate Assistant Principal (-1.0 FTE)		(115,014)
Testing coordination		(30,850)
	Total Elementary Decreases:	(1,980,648)
	Total Elementary Changes:	692,600

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Charter Schools

Charter School enrollment adjustment	725,676
Total Charter School Changes:	725,676

Special Education

Elementary Special Ed. Teacher Assistants added during FY 2009-2010 for enrollment (Memo #64 9/14/2009) (7.0 FTE)	316,665
Special Education Teachers for increased enrollment at the preschool level (3.0 FTE)	262,953
Middle School Special Ed. Teacher Assistants added for FY 2009-2010 enrollment (Memo #64 9/14/2009) (5.875 FTE)	248,496
Special Ed. Teacher for increased enrollment at the Elementary level (2.0 FTE)	175,302
Preschool Special Ed. Teacher Assistants added during FY 2009-2010 for enrollment (Memo #64 9/14/2009) (3.5 FTE)	165,017
Speech/Language Contracted Services - Instruction added for private therapist to meet IEP requirements	164,400
High School Special Ed. Teacher Assistants added for FY 2009-2010 enrollment (Memo #64 9/14/2009) (2.0 FTE)	101,558
Psychologist position added for program requirements (1.0 FTE)	87,651
Autism teacher added for Mirror Lake Middle School (1.0 FTE)	87,651
Special Ed. Teacher for increased enrollment at the Middle School level (1.0 FTE)	87,651
Whaley - Converted Special Ed. Program Specialist (1.0 FTE) to Special Service Teacher (1.0 FTE)	25,330
Special Ed. Teacher converted from Middle School Special Ed. Program Specialist	24,129
Special Ed. Elementary Behavior Strategist converted to Special Ed. Teacher	21,668
Special Ed. Elementary Program Specialist converted to Special Ed. Teacher	21,668
Special Ed. Teacher converted from Middle School Special Ed. Program Specialist	21,668
Total Special Education Increases:	1,811,807
OT/PT Special Service Teachers transferred to Contracted Services - Instruction for Speech/Language (see above)	(175,302)
Recruitment incentive for signing bonuses/tuition assistance for Related Services' staff working on Sp. Ed. certification	(51,705)
Special Education High School - Secretary moved back to grant fund (-1.0 FTE)	(49,703)
Extra Help Classified - Special Ed. High School	(48,815)
Special Schools Program - Contracted Services for services in the Jesse Lee program	(30,700)
Extra Help Certificated for retired nurses who review immunization records during summer registration	(20,458)
Supplies & Equipment	(19,542)
Psychology - Reduced Teacher Assistants (-.375 FTE)	(11,572)
Special Schools Program - Visiting teachers services	(11,493)
Total Special Education Decreases:	(419,290)
Total Special Education Changes:	1,392,517

Gifted Education

Textbooks, teaching supplies and equipment	(49,990)
Special Service Teachers (1.0 FTE from Memo #64 9/14/2009), additional .5 FTE for FY 2010-2011, total reduction -1.5 FTE)	(43,826)
Reduced Teacher Assistant position by 3 hours (-.375 FTE)	(30,615)
Total Gifted Program Changes:	(124,431)

English Language Learner

Tutors added during FY 2009-2010 for enrollment (Memo #64 9/14/2009) (2.625 FTE)	126,071
Youth Development Tutors (1.3125 FTE)	69,186
Total English Language Learner Program Changes:	195,257

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Native Education

Youth Development Counselors (Memo #64 9/14/2009) (1.313 FTE)	55,929
Community IEA Counselor (Memo #64 9/14/2009) (1.0 FTE)	67,117
Total Native Education Changes:	123,046

Middle Schools

Elementary & Secondary Teachers for enrollment (19.4 FTE)	1,700,429
Total Middle School Increases:	1,700,429
Increased pupil/teacher ratio (-8.0 FTE)	(715,500)
Addenda for Zero-Hour pre-algebra	(133,910)
Summer school - Middle Level	(114,055)
Reduction of added duty addenda for student activities/teacher trainings in the schools	(104,184)
Supply & equipment allocation for enrollment	(86,513)
Building initiatives, math training and writing program, curriculum development support	(71,387)
Middle level educational technology support	(60,000)
Learning intervention support and remediation	(51,500)
Eliminate Graduation Support Coordinator (-.5 FTE)	(46,347)
Literacy training, support for School Board and Six-Year Plan goals related to effective middle school implementation and academic excellence	(23,400)
Total Middle School Decreases:	(1,406,796)
Total Middle School Changes:	293,633

High Schools

Secondary Teachers for enrollment (4.5 FTE)	394,430
High School Principal added (.5 FTE)	70,661
Lifeguards for swim teams and PE classes	44,145
Activity/field trips - contracted transportation	40,600
Total High School Increases:	549,836
Increased pupil/teacher ratio by one student (-14.0 FTE)	(1,252,100)
Eliminate Graduation Support Coordinators (-1.5 FTE)	(137,459)
Eliminate Assistant Principal - Unallocated (-1.0 FTE)	(125,271)
Eliminate Administrative Assistant (-1.0 FTE)	(67,369)
Summer school enrichment courses	(58,006)
High School Graduation Qualifying Exam reading, writing and mathematics program allocated to the schools	(50,000)
Supply & Equipment allocation for enrollment	(24,919)
Ice rental for boys' and girls' hockey	(15,000)
Total High School Decreases:	(1,730,124)
Total High School Changes:	(1,180,288)

Instructional Support

Science Technology Math (STEM) Coordinator (1.0 FTE)	120,746
Elementary Teacher for science support (1.0 FTE)	87,651
Administrative Assistant (1.0 FTE)	68,787
Total Instructional Support Increases:	277,184
Substitute Teachers for focus training for "below-the-mean" schools and other trainings	(160,050)
Eliminate Science and Math Coordinators (-2.0 FTE)	(241,492)
Eliminate Executive Secretary (-1.0 FTE)	(86,944)
Added duty-certificated for various curriculum trainings and courses	(50,531)
Extra help classified, added duty certificated, added days, supplies for Training & Professional Development	(47,177)
Extra help, added duty, added days for Assessment & Evaluation projects and state assessment system trainings for teachers	(45,435)
Computer Support 2 transferred to ARRA (-.5 FTE)	(44,156)
Added duty-certificated for teacher professional development via ASD Summer Academy and credit classes	(25,725)
Total Instructional Support Decreases:	(701,510)
Total Instructional Support Changes:	(424,326)

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Informational Technology

I.T. Subject Matter Experts (2.0 FTE)	200,899
I.T. Project Manager (1.0 FTE)	100,451
Anti-spam and anti-virus, Casper maintenance, other contracted services	92,405
Netapp disk shelf, call processors/job processors for sub-dispatch, replacement computers, scanner	50,600
Server and storage for Imagenow disaster recovery	26,600
Total Informational Technology Increases:	470,955
Student Information System (Zangle) implementation	(77,847)
Equipment repair and repair parts for servers, printers	(41,543)
Total Informational Technology Decreases:	(119,390)
Total Informational Technology Changes:	351,565

Administration/Support Services/Rentals, Community Resources

Non-Departmental Unallocated	29,200
School Resource Officers at 50% of Municipality's expense	1,214,575
Purchasing Agent (1.0 FTE)	85,149
Contracted Transportation	52,600
Transfer - field/activity trips	50,000
Audio/Visual Maintenance Technician (.5 FTE)	41,531
Printing services and supplies for projects across the District	28,700
Discounted fare bus passes	6,600
Total Administration/Support Services/Rentals, Community Resources Increases:	1,508,355
Reduced School Board Legislative Lobbying Travel	(10,000)
Reduced Other Staff Legislative Lobbying Travel	(10,000)
Eliminated School Board Meals and Food	(9,200)
Major maintenance projects	(240,000)
Fuel	(125,697)
Extra help - Accounting, Risk Management, Warehouse	(73,924)
Legal fees	(70,000)
SIRSI licensing agreement, SIRSI training	(65,358)
Executive Secretary - Asst. Superintendent Support Services (-.8 FTE)	(63,375)
Portable sanitary facilities	(60,000)
Fire alarm testing & inspection	(50,000)
Travel out-of-district, registrations and memberships	(44,537)
Instructional materials in the media scheduling library, bus safety films and other resource units	(25,602)
Meals & food	(21,746)
Office supplies	(21,330)
Security services for graduation week, fire watch, standby security/patrol	(17,000)
Mail machine rental and postage	(14,400)
Custodial repair parts	(13,000)
Contracted services for closed captioning for Board meetings, photography, public opinion surveys, etc.	(11,500)
Warehouse cost of transporting electronic surplus to a certified electronic recycler	(10,000)
Interpreter services, bargaining consulting services	(6,500)
Total Administration/Support Services/Rentals, Community Resources Decreases:	(963,169)
Total Administration/Support Services/Rentals, Community Resources Changes:	545,186

One Time Expenditures

Purchase of 5 buses per ASD Memo #357 (2008-2009)	(450,822)
Clark Middle School supply & equipment allocation for re-opening of school	(315,315)
Middle school lunch support due to reopening Clark Middle School	(30,000)
Total One Time Expenditures:	(796,137)
Total Major Budgeted Expenditure Increases:	33,409,556
Total Major Budgeted Expenditure Reductions:	(14,919,127)
Net Change:	18,490,429
Minor Adjustments and Rounding:	52,339
FY 2010-2011 PROPOSED EXPENDITURE BUDGET	**$ 617,010,000**