

ANCHORAGE SCHOOL DISTRICT
ANCHORAGE, ALASKA

ASD MEMORANDUM #219 (2010-2011)

February 3, 2011

TO: SCHOOL BOARD
FROM: OFFICE OF THE SUPERINTENDENT
SUBJECT: FY 2011-2012 PROPOSED FINANCIAL PLAN
(SECOND READING)

ASD Goal: *ASD will manage effectively and efficiently all financial and human resources.*

RECOMMENDATION:

It is the Administration's recommendation that the School Board approve and authorize the Superintendent to prepare the Anchorage School District's FY 2011-2012 Proposed Financial Plan as set forth in the projected revenue and expenditure schedules in the memorandum (Attachment A). The total budget recommended is \$811,910,568. This includes individual fund budgets currently projected as follows:

	(1 st & 2 nd Readings) Proposed FY 2011-2012 <u>Financial Plan</u>	2 nd Revised Proposed FY 2011-2012 <u>Financial Plan</u>
General Fund	\$ 635,145,816	\$ 637,812,584
Food Service Fund	19,100,000	19,100,000
Debt Service Fund	87,664,752	87,664,752
Local/State/Federal Grants Fund	70,000,000	<u>67,333,232</u>
Total – All Funds	<u>\$ 811,910,568</u>	<u>\$ 811,910,568</u>

The total of local tax contribution to be requested is \$237,587,445.

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. 2010-280(S), additional State approved funding, enrollment or any changes in charter schools or other economic changes that may impact the FY 2011-2012 Financial Plan.

PERTINENT FACTS:

UPDATED INFORMATION

Updated information is provided on the major components of the tax cap limitation or any other economic changes that have an impact on the budget. The Alaska Department of Labor has recently released the CPI for 2010 for Anchorage, a component of the property tax cap limitation. The use of the five-year average CPI (reduced from the initially used 2.9 percent to 2.6 percent) resulted in a reduction of \$579,648 less than the \$7,342,203 previously reported for a total of \$6,762,555. Based on the current implementation of AR NO. 2010-280(S) the \$6,762,555 allowed within the Municipality of Anchorage Charter property tax limitation is not available to the ASD due to the 1.6 percent budget increase limit imposed by the Anchorage Assembly in property tax revenue for FY 2011-2012.

Since the Anchorage Assembly set the local property tax contribution that supports the ASD FY 2011-2012 Financial Plan at a 1.6 percent increase including the transfer of expenditures from the MOA to ASD of \$1,994,453 the resulting tax increase not associated with transferred services is \$1,097,001; this updated information does not impact the ASD Proposed FY 2011-2012 Financial Plan set forth in the memorandum. Due to AR NO. 2010-280(S), the ASD is currently \$5,176,821 under the allowable tax cap calculation and results in a compounding amount of lost revenue for ASD over time.

With on-going discussions with the Municipality and Assembly regarding additional shared expenditures such as shared IT space, and other unknown factors such as ongoing 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 addressed in the FY 2011-2012 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 2011-2012 budget projections reflect the district's on-going efforts to achieve this balance, maximize performance, and contain costs.

These projections for FY 2011-2012 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 community members, parents, students, and staff may result 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 staff, supplies, and other operating expenses while looking for efficiencies that can be achieved through better resource management or teaming with other agencies such as ASD's current support of the Municipality with the School Resource Officer (SRO) program.

On November 15, 2010, based on the guidelines given at the November 8, 2010 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 \$821,832,771, ASD Memorandum #158 (2010-2011). 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.

On October 26, 2010 AR NO. 2010-280(S), a resolution of the Anchorage Municipal Assembly regarding the annual operating budget of the Anchorage School District for its fiscal year 2011-2012 was submitted. After a discussion which included clarifying amendments, the Anchorage Assembly approved AR NO. 2010-280(S) which allowed for \$196,307,312 in property tax revenue that includes \$3,091,454 in additional property tax revenue. Along with the increase in local taxes, the Municipality is also requesting the district to pay for functions currently operated or funded by the Municipality. This includes the remaining half payment for the School Resource Officers, the district's share of the cost for sending out tax billing/collection, a share of the uncollectible portion of delinquent property taxes and football stadium, trail and shelter rental fees

in the amount of \$1,994,453. These costs offset the additional allowable property tax revenue leaving a net increase of \$1,097,001 in additional revenue.

During the past two months the administration proceeded in preparing the FY 2011-2012 Preliminary Financial Plan. The closing of the district's budget gap and difficult decisions pertaining to the programs which were funded in the ARRA grant were assisted by the use of data gained from the new value based budget process which began this year. The new budget process has enabled the administration to reassess its existing programs and workload while undertaking reorganization within departments to gain efficiencies. By implementing these changes, the district has been able to achieve a balanced budget while minimizing the effect on its most effective programs and student outcomes as compared to the results of flat percentage reductions across all programs.

The administration presented the FY 2011-2012 Preliminary Financial Plan to the School Board on January 19 and 20, 2011. The Superintendent gave a general overview and then each administrator presented his/her budget identifying any major changes, including program realignments. In addition, each administrator reviewed their current ARRA funded programs that are now being recommended to continue in the General Fund as well as any program enhancements that are crucial to supporting students or ultimately would provide efficiencies.

First Reading of FY 2011-2012 Proposed Financial Plan (1/26/2011)

The School Board considered the FY 2011-2012 Proposed Financial Plan at a special meeting on January 26, 2011. After a considerable amount of public testimony pertaining to budget reductions and the ongoing discussion pertaining to economic uncertainties still facing the district, the School Board decided to wait until the administration brought back various scenarios of pupil to teacher ratio (PTR) increases if the School Board decided to reinstate programs that were eliminated or reduced to bring the FY 2011-2012 into balance. Therefore, the total revenues and expenditures remain unchanged in the General, Food Service, Debt Service and Local/State/Federal Grant Funds. The Financial Plan for FY 2011-2012 at this time totals \$811,910,568.

Second Reading of FY 2011-2012 Proposed Financial Plan (2/3/2011)

After several weeks of receiving numerous emails and phone calls regarding the proposed budget cuts and hearing several hours of public testimony over two evenings, the School Board adjusted line item accounts at the end of the evening of the second reading of the FY 2011-2012 Proposed Financial Plan. The line item adjustments that were made are as follows:

Expenditures:

- Reduction reinstated for High School Summer School (July 2011 and June 2012)
- Reduction reinstated for Middle Level Summer School (July 2011 and June 2012)
- Reinstated Graduation Coaches at High School Level (7.0 FTE)
- Reinstated Elementary Summer School (July 2011 and June 2012)
- Reinstated Middle School Interscholastic
- Reinstated Secretaries at High School Level (8.0 FTE)
- Reinstated Library Assistants at Middle Level (3.50 FTE)
- Reinstated Library Assistants at Elementary and High School Level (8.75 FTE)
- Reinstated Sonic Boom
- Reinstated Battle of the Books
- Increased Pupil to Teachers Grades 4-12 @ .5 FTE PTR increase (- 20.0 FTE)

Revenues:

- Increased Summer School Fees
- Increased Middle School Fees
- Increased use of Fund Balance (\$2.2M)

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 FY 2011-2012 projections. Major revenue and expenditure considerations and budget development criteria are also included.

STUDENT ENROLLMENT PROJECTIONS

Student Enrollment—The most significant factor in the budget development process is the number of students served. Enrollment projections are based on enrollment history, 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, MOA 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 2008-2009 through FY 2011-2012 on both a full count and FTE basis.

	Actuals 2008-2009 <u>9/30/08</u>	Actuals 2009-2010 <u>9/30/09</u>	Actuals 2010-2011 <u>9/30/10</u>	Projected 2011-2012 <u>9/30/11</u>
Total Number	48,440	49,243	49,091	49,196
Change over previous year		803	(152)	105
FTE (Full-Time Equivalent)	48,169	49,049	48,972	48,923

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

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.

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 are very hopeful that the Governor and Legislature will continue recognition of the need for increased K-12 education funding. Hopefully, during this upcoming legislative session, the Legislature will advocate for the students in our communities with early approval of an educational funding package and additional increases in revenues supporting public education so as to ensure the continuation of high performing education programs which are very important in increasing student achievement and performance. This is especially important in light of the October 26, 2010 Assembly action approving ARNO. 2010-280(S) as amended and approved, regarding the Municipality of Anchorage property tax contribution to the ASD 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 \$35.13 billion to \$35.30 billion.

This program is expected to provide approximately 55.8 percent of the district's General Fund revenues not including the TRS and PERS projected \$79.1 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 of 49,196, which reflects a decrease of 400 students from the current year projections of 49,596, the estimated amount of funding from the Alaska Public School Funding Program for FY 2011-2012 is \$310.134 million, which is \$2.294 million less than current FY 2010-2011 budget. The following factors contribute to the \$2.294 million decrease:

- Increased identification of Intensive Needs students from 725 to 741 \$ 1.181 million
 - Enrollment decrease including Quality Schools (2.318) million
 - Increase from \$35.129 billion to \$35.300 billion in state assessed valuation (.341) million
 - Federal Impact Aid (.816) million
- Alaska Public School Funding Decrease \$(2.294) million**

Local Property Taxes—The local property tax contribution is the district's second largest General Fund revenue source. **Projected local property tax revenue for FY 2011-2012 is based on the October 26, 2010 approval by the Anchorage Assembly of AR NO. 2010-280(S) as amended, a resolution of the Anchorage Municipal Assembly regarding the annual operating budget for the Anchorage School District for its fiscal year 2011-2012.** The Anchorage Assembly approved flat funding \$193,215,858 in property tax revenue (amount eligible under the tax cap limitation for FY 2010-2011 rather than for FY 2011-2012) and an additional amount of \$3,091,454 in additional property tax revenue for additional General Fund spending for functions currently operated or funded by the Municipality. Included in these projections is \$1,994,453 for the second half of the payment for the School Resource Officers; the district’s share of the cost for sending out tax billing/collection; the district’s share of uncollectible portion of delinquent property taxes; and football stadium, trail and shelter rentals. The net effect of this increase in taxes and expenditures is a .57% increase in local taxes, or \$1,097,001.

Federal Impact Aid—The initial revenue projection for Federal Impact Aid has been projected at 100 percent of projected entitlement, an anticipated \$17.0 million.

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 2011-2012.

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.

Accumulated resources such as fund balance are available for use to help balance an otherwise unbalanced budget and to provide funding for critical program enhancements. Wise financial management does include options that make use of fund balance occasionally in order to maximize results and minimize effects from outside influences, such as flat funding.

Resources such as fund balance are built up over time in order to be used during tighter budget cycles in order to maintain a more consistent delivery of instruction. Given two years of relatively flat local funding, anticipated flat state funding, and sufficient fund balance levels, the FY 2011-2012 budget cycle may be an opportunity to take advantage of fund balance in order to reduce otherwise necessary budget and program cuts.

At this time, based on guidance from the school board at the November 15th school board meeting and approval of ASD Memorandum #158 (2010-2011) administration's has included \$3 million of the undesignated fund balance. The use of the \$3 million of fund balance will be used in the General Fund as a revenue source to reduce the projected fiscal gap. Historically, the school board has recommended a sustained level of undesignated fund balance between 3.25 and 3.5 percent after allocation of fund balance to be used in subsequent budget cycles.

Given the use of \$3 million, the anticipated percent of undesignated fund balance as of June 30, 2011 is estimated to be between 3.8 and 4.6 percent, which is above the historically recommended level. Additionally, anticipating fund balance use for the following fiscal year, if the district uses \$3 million to help balance the FY 2011-2012 budget, and as much as \$7 million to help balance the following years budget, FY 2012-2013, the undesignated fund balance would be projected to be between 3.3 and 3.5 percent as of June 30, 2012.

If the state legislature does provide additional funding during the legislative session, the administration would anticipate a recommendation to the school board to remove the use of fund balance from the FY 2011-2012 budget. In absence of additional funds, the administration would recommend consideration of up to \$5 million in fund balance to be used to balance the FY 2011-2012 budget. The use of \$5 million would result in an undesignated fund balance percent approximately between 3.5 and 4.3 percent as of June 30, 2012.

Pupil Transportation Reimbursement—The preliminary FY 2011-2012 revenue projection for Pupil Transportation is based on the provision under HB 273 that allows an annual CPI adjustment to pupil transportation funding. The use of 2.5 percent for the CPI means an estimated increase from \$407 in the current year to \$417 for FY 2011-2012. 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.

User Charges and Fees— Fees will continue to be assessed for musical instrument usage, ASD documents, high school and middle level student activity fees (see chart below for the reduced rate at the middle school level based on intramural activities only), 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, rental fees relating to the size of gyms and meeting rooms have been increased for non-profit, commercial users and the Municipality of Anchorage for the FY 2011-2012. A new fee for FY 2011-2012 is an online fee for credit courses taken by non-district students.

The following rates are those in place for FY 2010-2011 and those that are recommended for FY 2011-2012:

	<u>FY 2010-2011</u>	<u>FY 2011-2012</u>
Summer School – Elem <u>Program reinstated</u>	\$85 per course	Program Eliminated <u>\$100 per course</u>
Summer School - Middle	\$85 per course	\$85 \$100 per course
Summer School – High School	\$90 per course	\$100 per course
On Line Fee Non ASD Students		\$400 per course
Music Instrument Usage Fee	\$40 per instrument	\$40 per instrument
Middle Level Activity Fees	\$85 per activity	\$45 \$100 per activity
High School Activity Fees	\$165 per activity	See below
Tennis, Cross Country Running, Cheerleading, Track and Field, Drama Debate/Forensics		\$175 per Activity
Flag Football, Volleyball, Cross Country Skiing, Football, Wrestling, Basketball, Rifle, Soccer		\$185 per Activity
Gymnastics, Swimming and Diving, Hockey		\$195 per Activity
High School Parking Fees	\$50 per semester	\$55 per semester
Facility Rental Fees	\$650,000	\$690,000 ¹
Family Cap for Activity Fees	\$335	\$390

E-Rate—The district has not yet received the funding commitment letter from the Universal Service Administrative Company (USAC) for FY 2010-2011; 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 2011-2012 revenue projections from those of FY 2010-2011. 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. The recommendations received from interested community members on the district’s website and from the three community budget dialogues, the student budget dialogue, staff, students and the administration were considered and incorporated into the budget where appropriate. **Both revenue enhancements and expenditure reductions will be incorporated to bring the budget into balance.**

¹ Rental fees relating to the size of gyms and meeting rooms have been increased for non-profit, commercial users and the Municipality of Anchorage for the FY 2011-2012.

Salaries and Benefits—Employee salaries and benefits are projected to be over 89 percent of the operating cost of the district. The projections include consideration for contract negotiations for APA (Anchorage Principals’ Association) and Local 959 (Teamsters Warehouse & Maintenance Employees). Compensation provisions for completed contracts, benefits 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 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. The projections being presented include rate increases to TRS and PERS as adopted by the Alaska Retirement Management Board (ARMB) for FY 2012. The TRS rate will increase from the current FY 2010-2011 rate of 38.56 percent to 42.61 percent; and the PERS rate will increase from the current rate of 27.96 percent to 30.76 percent.

Staffing—Staffing requirements have been adjusted based on the official projections set forth for September 30, 2011. Official projections are based on actual enrollment as of September 30, 2010.

Certificated Teaching Positions—Budgeted teaching staff is based on the FY 2011-2012 PTR (pupil to classroom teacher staff ratios). 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 in the Anchorage schools; further adjustments have been made to meet the challenges arising from this language diversity. **It must be noted that even though eighty-two (82 FTE) teacher positions were transferred to the Education Jobs Bill, there will not be an increase to class size, only a change in the funding source.**

Kindergarten (FTE)	20.50 to 1	
Grade 1	21.00 to 1	
Grades 2-3	24.25 to 1	
Grades 4-6	27.25 to 1	<u>Increased PTR by .5</u>
Grades 7-8	26.25 to 1	<u>Increased PTR by .5</u>
Grades 9-12	27.91 to 1	<u>Increased PTR by .5</u>
Special Education	Staffing is based upon demonstrated need and program (consistent/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 and grants by various departments budgeted in the General Fund. It is anticipated that by early spring 2011 the district will be appraised of the approved indirect cost rate for FY 2011-2012. Without the charge of indirect costs, the General

Fund would bear the administrative costs of the Food Service Fund and all the District grants.

Contracted Services— Where appropriate, inflationary or vendor rate adjustments 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 were warranted, they have been 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 have been budgeted based on an analysis of usage and cost saving measures being taken. They were 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 expenditures and rate adjustments (occurring mid-year FY 2010-2011) in addition to adding an energy conservation manager to oversee energy management to find efficiencies to lower utility expenditures throughout the district, the utility budgets are projected to be lower than the current year.

Pupil Transportation— Discussions for renewal/new contract of the contracted transportation are still ongoing and are not final at this time. Also included is funding to provide transportation for the homeless students identified by the district. At this time there are no anticipated regular or special education ASD route increases.

Maintenance and Major Maintenance Projects —The administration recommends a funding level for maintenance leadership and maintenance projects of at least \$23.8 million for some of the district's more than 100 schools and facilities. As our facilities continue to age, periodic maintenance must take place on a regular basis to keep the buildings in good repair for optimum safety and efficiency. The community has voiced strong support for prioritizing this use of funds.

The administration is proposing a pilot outsourcing of snow removal in a small geographic area. Three (3.0 FTE) maintenance positions have been eliminated, and the anticipated lower cost of outsourcing will increase efficiency within the department. As a result of the RFP process, if the district does not realize sufficient efficiencies and level of service from the proposed outsourcing, the original three (3.0 FTE) maintenance positions will be restored.

Supplies—Some departments may show an adjustment in supplies based on departmental need to service the total district program requirements (e.g., 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 eliminated the technology refresh. The refresh funds are supporting the staff (transferred from ARRA funds) needed to keep the programs in place. This will slow down the ability to refresh technology across the district with an adequate number of computers in a consistent timeframe.

Replacement equipment purchases between \$5,000 and \$50,000 will be purchased from the Equipment Replacement Fund.

Major Expenditure Reductions— The major program reductions and positions that were required to be eliminated in the FY 2011-2012 budget in order to bring expenditures in balance with projected revenues are as follows. These difficult decisions were made in part with the information and insight gained from the new value based budget process and the relative effectiveness of individual programs and their contribution to the enhancement of student outcomes. Information gathered through the community budget dialogues and e-mails from community, staff and students was also taken into consideration. **It must be noted that even though 82 FTE teacher positions were transferred to the Education Jobs Bill, there will not be an increase to class size.**

Major Program Reductions and Positions:

- Eliminate alternative high school principal (1.0 FTE)
- Eliminate middle level assistant principal (1.0 FTE)
- Eliminate family resource coordinator at the elementary level (.6 FTE)
- ~~Reduce library media aides at the elementary level (2.625 FTE; 6-3.5 hour positions)~~
- ~~Reduce library media aides at middle school level (3.5 FTE; 4-7 hour positions)~~
- ~~Reduce library media aides at high school level (6.125 FTE; 7-7 hour positions)~~
- Reduce district wide music teacher (.8 FTE)
- Eliminate educational technology supervisor (1.0 FTE)
- Eliminate educational technology teacher (1.0 FTE)
- Eliminate addenda for SBA assessment at the elementary level
- Eliminate learning opportunity intervention funds at the elementary level
- Eliminate counselor at the middle level (1.0 FTE)
- ~~Eliminate summer school at the elementary level~~
- ~~Reduce summer school remediation program at the middle level from two sites to one site and/or limit the number of students served~~
- ~~Reduce summer school (remedial/recovery only) at the high school level~~
- ~~Reduce secretaries at the high school level (8 FTE)~~
- Reduce learning opportunity remediation funds at the high school level
- ~~Eliminate graduation support coordinators at the high school level (7.0 FTE)~~
- Eliminate NEP supervisor at South High (1.0 FTE)

- Eliminate Elitnaurvik Within East High supervisor (1.0 FTE)
- Eliminate social worker at middle level (1.0 FTE)
- Reduce in school suspension (ISS) teachers (2.0 FTE)
- Eliminate the student information systems manager (1.0 FTE)
- Eliminate IT project manager (1.0 FTE)
- Eliminate Safe and Drug Free Schools Program (1.875 FTE)
- Eliminate an accountant (1.0 FTE)
- Eliminate an administrative assistant (1.0 FTE) Accounting
- Eliminate purchasing agent (1.0 FTE)
- Eliminate custodial supervisor (1.0 FTE)
- Eliminate high school administration executive secretary (1.0 FTE)
- Eliminate secretary (1.0 FTE) Community Resources
- Eliminate administrative assistant (.75 FTE) Human Resources
- Eliminate customer service receptionist/switchboard (1.0 FTE) Communications
- Eliminate maintenance positions (3.0 FTE)
- Eliminate microcomputer specialist (1.0 FTE) Maintenance
- Eliminate server administrator (1.0 FTE) partially funded by Facilities
- Reduce extra help, addenda, contracted services
- Reduce utilities projections resulting from rate reductions as well as conservation of energy
- Eliminate supply/equipment reserve for emergency requirements
- Eliminate technology computer refresh district wide
- ~~Eliminate battle of the books at elementary level~~
- ~~Eliminate interscholastic extracurricular at middle level~~

Position Increases—The following positions have been added:

Classroom Support:

- Language acquisition support teachers at middle level (2.0 FTE)
- Special service teacher for the ACE program (1.0 FTE)

Outside Direct Classroom Support:

- Language/cultural liaison (4.4 FTE; .6 FTE currently in the General Fund)
- Compliance director added to oversee district grant compliance (1.0 FTE)
- Career and college readiness supervisor at middle level (1.0 FTE)
- Energy conservation manager to oversee energy management to find efficiencies to lower utility expenditures throughout the district (1.0 FTE)
- Administrative assistant (1.0 FTE) for Purchasing

Positions Transferred from ARRA— The following positions have been transferred from the ARRA funds.

- Career guides at the middle level (10.0 FTE)
- IT technical support (19.5 FTE) to be housed in the schools for direct technology support
- Teacher, technology coordinators (3.0 FTE) to support the integration of technology into the curriculum
- Network analyst (1.0 FTE) to support and maintain ARRA funded network refurbishment
- Systems analyst (1.0 FTE) and programmer (1.0 FTE) to support the newly acquired ARRA funded IEP system implemented districtwide

Previously Funded and New Fees Charged by the Municipality

- School Resource Officers (SRO) will be fully funded by ASD for FY 2011-2012 *The total cost is split equally at 50 percent each for FY 2010-2011.*
- Football stadium new users fees
- Trail and shelter new users fees
- Share of the cost for sending out tax billing/collection
- Share of the uncollectible portion of delinquent property taxes
- Increase costs of APD overtime rate for ASD extracurricular activities

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 2011-2012 budget has been increased from \$17,809,900 to \$19,100,000 or 7.24 percent as compared to FY 2010-2011.

The revenue sources for the Food Service Fund budget include revenue from meal sales and federal reimbursement for meals served. These projections also continue with the State's annual PERS payment on behalf of the district.

Use of \$600,000 of undesignated fund balance is expected to be used to support a several year delay in equipment purchases and begin a remodel and upgrade program for school cafeterias and lunchrooms in the FY 2011-2012 Food Service budget as presented in this memorandum. The undesignated fund balance of June 30, 2010 was

\$1.679 million. Using \$600,000 of fund balance will provide an undesignated fund balance of 5.65 percent of the FY 2011-2012 projected budget. No increase in elementary, middle, and high school breakfast and lunch full price meals is anticipated. It is projected that no local tax support will be required for the Food Service Fund in FY 2011-2012.

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. For FY 2011-2012, \$1.0 million of debt service fund balance is used to provide tax relief to the taxpayer. Most of the district's bonds receive state debt reimbursement, which varies depending on the year in which the bond proposition was approved. Reduced construction activity at district sites resulted in staff reductions during fall 2010.

The projections included within this memorandum include debt service on a \$3.845 million sale of authorized unsold bonds; the projections do not include debt service on any possible future bond propositions in FY 2011-2012. AR NO. 2010-280(S) was passed by the Assembly and resolves to fully fund the ASD 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. The federal Education Jobs Bill is included and is assumed to provide \$7.6 million in additional grant revenue. This grant will provide one year's funding that will be used to supplant 82 FTE classroom based teaching positions from the General Fund. In addition, the projections include the State TRS/PERS reimbursement on behalf of the district. No funds from the \$67.4 (\$60 million ARRA, \$7.4 million state PERS/TRS on behalf funding) million two year stimulus funding program that ends in the fall of 2011, are included in these projections.

FISCAL YEAR BUDGET COMPARISON

The following schedule compares by fund the FY 2011-2012 projected revenues/expenditures with those currently approved for FY 2010-2011. At this time, unknowns still remain such as contract negotiations and mandated services that may require funding.

REVENUE/EXPENDITURE BUDGETS

	Revised Budget FY 2010-2011	Proposed Budget FY 2011-2012	Revised Proposed FY 2011-2012
General Fund	\$ 617,010,000	\$ 635,145,816	\$ 637,812,584
Food Service	17,809,900	19,100,000	19,100,000
Debt Service	87,423,992	87,664,752	87,664,752
L/S/F Projects	67,200,000	62,360,438	59,696,670
Jobs Bill	-0-	7,639,562	7,639,562
All Funds	\$ <u>789,443,892</u>	\$ <u>811,910,568</u>	\$ <u>811,910,568</u>

No funds from the \$67.4 million (\$60 million ARRA, \$7.4 million state PERS/TRS on behalf funding) two year stimulus funding program (ARRA) that ends in the fall of 2011, are included in these projections.

TAXES

	Revised FY 2010-2011	Taxes FY 2011-2012	Increase/ (Decrease)
General Fund	\$ 191,994,683	\$ 193,215,858	\$ 1,221,175
Required for shared services	1,221,175	1,994,453	773,278
Additional for education	-0-	1,097,001	1,097,001
Debt Service	41,544,114	41,280,133	(263,981)
All Funds	\$ <u>234,759,972</u>	\$ <u>237,587,445</u>	\$ <u>2,827,473</u>

STUDENT ENROLLMENT PROJECTIONS

	FY 2010-2011 Actuals Sept.30, 2010	FY 2011-2012 Projected Sept.30, 2011	Change Over Prior Year's Actual
Enrollment	49,091	49,196	105
Full Time Equivalent(FTE)	48,972	48,923	(49)

In preparing the FY 2011-2012 Preliminary Financial Plan, many budget development uncertainties face the district.

- Legislative action
- Binding MOA Assembly action to increase ASD tax base
- School Board areas of interest
- Projected enrollment
- Contract negotiations for APA (Anchorage Principals' Association), Local 959 (Teamsters Warehouse & Maintenance)
- Rate increase notifications from outside agencies
- Further evaluation of current/new fees
- School Board Goals/Six-Year Instructional Plan
- Renewal/renegotiation of contracted transportation contract
- The assessed valuation used in setting the mill levy will not be finalized until March/April 2011
- Federal Impact Aid subject to annual appropriation
- Fluctuation of oil prices

SUMMARY

Our assumptions in preparing these initial FY 2011-2012 projections are based on, but not limited to, the following criteria:

- Alaska Public School Funding Program— No change in the base student allocation of \$5,680 or the 20 percent special needs funding factor
- Quality Schools Grant—no increase to per pupil amount of \$16
- Pupil transportation funding to include CPI adjustment – \$412 to \$417
- State reimbursement funding for the ARMB approved rates to the Certificated and Classified Retirement Systems
- Balanced budget for presentation to the Anchorage Assembly— expenditures equal revenues
- Local Property Taxes—Assembly approval on October 26, 2010 of AR NO. 2010-280(S) as amended limiting tax amount
- Use of Fund Balance as a revenue source—using ~~\$3.0 million~~ \$5.2 million of undesignated fund balance to reduce the fiscal gap
- Potential adoption or expansion of programs must be funded within existing resources

CC/CS/MSL

Attachments

Prepared by: Marie S. Laule, Budget Director
Approved by: Chad Stiteler, Chief Financial Officer

Anchorage School District
Fiscal Year 2011-2012

PROJECTED REVENUES AND EXPENDITURES SUMMARY

Fund	Revenues and Fund Balance			2011-2012		2011-2012	
	Taxes	Local	Other	State	Federal	Revenue/Source Projections	Expenditure Projections
General	\$ 196,307,312	\$ 12,404,310	\$ 410,300,962	\$ 18,800,000	\$ 637,812,584	\$ 637,812,584	637,812,584
Food Service		5,162,927	514,650	13,422,423	19,100,000	19,100,000	19,100,000
Debt Service	41,280,133	1,000,000	45,107,207	277,412	87,664,752	87,664,752	87,664,752
	237,587,445	18,567,237	455,922,819	32,499,835	744,577,336	744,577,336	744,577,336
Local, State and Federal Grants		2,056,784	9,368,720	55,907,728	67,333,232	67,333,232	67,333,232
TOTAL	\$ 237,587,445	\$ 20,624,021	\$ 465,291,539	\$ 88,407,563	\$ 811,910,568	\$ 811,910,568	\$ 811,910,568

Percentage of Revenue Sources to Total Revenue Projections 29.26% 2.53% 57.32% 10.89% 100.00%

Computation of Total Taxes for Calendar Year 2011

Amount required to fund second half of Adopted FY 2010-2011 Budget: January 1, 2011 / June 30, 2011		\$ 234,759,972		Debt Service Fund
			\$ 96,607,929	\$ 20,772,057
Amount required to fund first half of Adopted FY 2011-2012 Budget: July 1, 2011 / December 31, 2011		\$ 237,587,445		
TOTAL Taxes for Calendar Year 2011			\$ 194,761,585	\$ 41,412,124
Total Taxes for Calendar Year 2011				
1) Total Taxes 2011	\$ 236,173,709	=7.56 mills	\$ 194,761,585	\$ 41,412,124
Assessed Valuation	\$ 31,237,082,124		\$ 31,237,082,124	\$ 31,237,082,124
			6.23 mills	1.33 mills

1) The 2011 mill rate is based on a assessed valuation provided by the Municipality of Anchorage Office of Management and Budget (April 2011) The final assessed valuation will not be available until April 2011.

Anchorage School District
Fiscal Year 2011-2012

**PROJECTED REVENUES SUMMARY BY FUND
FISCAL YEARS 2009-2010 TO 2011-2012**

Fund	FY 2009-2010 Revised	FY 2010-2011 Revised	FY 2011-2012 Projections	FY 2011-2012 Change over	
				FY 2010-2011 Revised Amount	FY 2010-2011 Revised Percent
General	\$ 598,467,232	\$ 617,010,000	\$ 637,812,584	\$ 20,802,584	3.37%
Food Service	16,828,000	17,809,900	19,100,000	1,290,100	7.24%
Debt Service	85,907,658	87,423,992	87,664,752	240,760	0.28%
Local/State/ Federal Grants	62,200,000	67,200,000	59,693,670	(7,506,330)	(11.17%)
Education Jobs Bill			7,639,562	7,639,562	100.00%
American Recovery and Reinvestment Act of 2009 (ARRA) (A)	67,437,190				
TOTAL	\$ 830,840,080	\$ 789,443,892	\$ 811,910,568 (B)	\$ 22,466,676	2.85%
Taxes					
General	\$ 191,913,748	\$ 193,215,858	\$ 196,307,312	\$ 3,091,454	1.60%
Debt Service	41,033,834	41,544,114	41,280,133	(263,981)	(0.64%)
TOTAL	\$ 232,947,582	\$ 234,759,972	\$ 237,587,445	\$ 2,827,473	1.20%

(A) Economic Stimulus Package

(B) State funding for FY 2011-2012 provides for a base student allocation of \$5,680, a special education intensive factor of thirteen times and the continuation of a CPI adjustment for pupil transportation funding. Includes an estimated State retirement system employer relief funding for certificated (30.05%) and classified (8.76%) retirement.

Anchorage School District
REVENUE and FUND BALANCE SUMMARY BY FUND AND SOURCE

	FY 2009-2010 Audited Actual	FY 2009-2010 Revised	2010-2011 Revised	2011-2012 Projections	Inc/(Dec) over FY 2010-2011 Revised Budget
General Fund					
Local Revenue/Fund Balance	\$ 191,913,748	\$ 191,913,748	\$ 193,215,858	\$ 196,307,312	\$ 3,091,454
Local Taxes	4,702,877	2,215,000	2,600,000	2,800,000	200,000
Interest	4,027,143	3,991,000	3,574,000	4,404,310	830,310
Other Local		3,900,000	1,975,000	5,200,000	3,225,000
Fund Balance	200,643,768	201,619,748	201,364,858	208,711,622	7,346,764
State Revenue					
Alaska Public School Funding Program	295,483,681	297,031,000	312,428,682	310,134,270	(2,294,412)
Pupil Transportation	19,530,379	19,081,000	20,059,326	20,390,000	330,674
TRS/PERS Employer Relief	58,606,858	66,547,000	65,968,650	79,368,208	13,399,558
Supplemental State Funding	408,484	408,484	408,484	408,484	-
Federal Revenue	374,029,402	383,067,484	398,865,142	410,300,962	11,435,820
Federal Impact Aid	17,492,274	13,000,000	15,000,000	17,000,000	2,000,000
Medicaid Reimbursement	234,978		1,000,000	1,000,000	-
R.O.T.C.	678,151	780,000	780,000	800,000	20,000
	18,405,403	13,780,000	16,780,000	18,800,000	2,020,000
Total General Fund	593,078,573	598,467,232	617,010,000	637,812,584	20,802,584
Food Service Fund					
Sales	4,586,647	5,284,673	5,284,675	4,562,927	(721,748)
Fund Balance			600,000	600,000	-
PERS Employer Relief	288,364	300,000	338,949	514,650	175,701
Federal Reimbursement	12,495,037	11,393,327	11,586,276	13,422,423	1,836,147
Total Food Service	17,370,048	16,978,000	17,809,900	19,100,000	1,290,100
Debt Service Fund					
Local Revenue/Fund Balance	41,033,834	41,033,834	41,544,114	41,280,133	(263,981)
Local Taxes				1,000,000	1,000,000
Fund Balance					
Interest	174				
State Sources	41,034,008	41,033,834	41,544,114	42,280,133	736,019
Debt Service	44,873,815	44,873,824	45,879,878	45,107,207	(772,671)
	44,873,815	44,873,824	45,879,878	45,107,207	(772,671)
Federal Sources					
Build America Bonds				277,412	277,412
				277,412	277,412
Total Debt Service	85,907,823	85,907,658	87,423,992	87,664,752	240,760
Local/State/Federal Grants					
Local Grants	1,575,223	999,685	2,666,989	2,056,784	(610,205)
State Grants	1,300,648	1,598,719	1,991,362	1,307,043	(684,319)
Federal Grants	44,332,044	53,801,596	56,941,649	48,268,166	(8,673,483)
American Recovery & Reinvestment Act	28,099,613	67,437,190			
Education Jobs Bill				7,639,562	7,639,562
TRS/PERS Employer Relief	5,264,261	5,800,000	5,600,000	8,061,677	2,461,677
Total Local/State/Federal Grants	80,571,789	129,637,190	67,200,000	67,333,232	133,232
Total Revenues	\$ 776,928,233	\$ 830,990,080	\$ 789,443,892	\$ 811,910,568	\$ 22,466,676
Total Expenditures	\$ 767,708,420	\$ 830,990,080	\$ 789,443,892	\$ 811,910,568	\$ 22,466,676
Total Taxes - Fiscal Year	\$ 232,947,582	\$ 232,947,582	\$ 234,759,972	\$ 237,587,445	\$ 2,827,473

State funding for FY 2011-2012 provides for a base student allocation of \$5,680, a special education intensive factor of thirteen times and the continuation of a CPI adjustment for pupil transportation funding. Includes an estimated State retirement system employer relief funding for certificated (30.05%) and classified (8.76%) retirement.

Anchorage School District
Fiscal Year 2011-2012

SUMMARY OF GENERAL FUND REVENUES

	FY 2009-2010 Audited Actual	Percent	FY 2009-2010 Revised	Percent	FY 2010-2011 Revised	Percent	FY 2011-2012 Projections	Percent
Local Sources								
Local Property Taxes	\$ 191,913,748	32.36 %	\$ 191,913,748	32.07 %	\$ 193,215,858	31.31 %	\$ 196,307,312	30.78 %
Other Local	8,730,020	1.47	5,806,000	0.97	6,174,000	1.00	7,204,310	1.13
Fund Balance			3,900,000	0.65	1,975,000	0.32	5,200,000	0.82
State Sources (A)	374,029,402	63.07	383,067,484	64.01	398,865,142	64.65	410,300,962	64.32
Federal Sources	18,405,403	3.10	13,780,000	2.30	16,780,000	2.72	18,800,000	2.95
TOTAL	\$ 593,078,573	100.00 %	\$ 598,467,232	100.00 %	\$ 617,010,000	100.00 %	\$ 637,812,584	100.00 %

(A) FY 2009-2010 includes actual State retirement system employer relief funding. FY 2010-2011 and FY 2011-2012 include projected State retirement system employer relief funding.

SCHEDULE OF GENERAL FUND REVENUES FROM LOCAL SOURCES/FUND BALANCE

Local Sources	FY 2009-2010		FY 2010-2011		FY 2011-2012	
	Audited Actual	Revised	Revised	Projections	Revised	Projections
Municipality of Anchorage Appropriation of Taxes	\$ 191,913,748	\$ 191,913,748	\$ 191,994,683	\$ 195,210,311	\$ 191,994,683	\$ 195,210,311
Additional tax appropriation allowable for shared services between the Municipality of Anchorage and the ASD (A)			1,221,175	1,097,001		
Other Local						
Career Center Instructional Projects	67,006	71,000	71,000	74,000	71,000	74,000
Facilities Rentals	658,036	635,000	635,000	690,000	650,000	690,000
Nonresident Tuition	32,904	15,000	15,000	50,000	15,000	50,000
Credit Recovery Fees (B)	36,283	50,000	50,000	45,000	60,000	45,000
On-line Fee for Non-ASD Student (C)				40,000		40,000
Summer School - Elementary (D)	26,347	25,000	25,000	50,000	25,000	50,000
Summer School - Middle Level (E)	13,855	39,500	39,500	29,160	25,000	29,160
Summer School - Secondary (F)	214,475	250,000	250,000	260,000	256,000	260,000
Musical Instrument Usage Fee (G)	27,188	25,000	25,000	28,000	26,000	28,000
Middle School Activity Fees (H)	227,262	235,000	235,000	267,400	250,500	267,400
High School Activity Fees (I)	709,668	715,000	715,000	850,000	742,500	850,000
High School Parking Fees (J)	192,125	199,000	199,000	211,750	192,500	211,750
Other Fees (Training Fees, Documents) (K)	80,316	85,000	85,000	84,000	85,000	84,000
Property Sales, Insurance Proceeds, and Miscellaneous	106,949	246,500	246,500	125,000	175,500	125,000
Interest Earnings	4,702,877	2,215,000	2,600,000	2,800,000	2,600,000	2,800,000
E-rate (L)	1,634,729	1,000,000	1,000,000	1,600,000	1,000,000	1,600,000
Fund Balance		3,900,000	1,975,000	5,200,000	8,149,000	12,404,310
		9,706,000	8,149,000			
TOTAL	\$ 200,643,768	\$ 201,619,748	\$ 201,364,858	\$ 208,711,622	\$ 201,364,858	\$ 208,711,622

- (A) MOA (AR NO. 2009-250(S)) School Resource Officers and discontinued discounted fare bus passes. (FY 2010-2011)
- MOA (AR NO. 2010-280(S)) School Resource Officers, ASD portion for cost of sending out tax bills and collections, as well as delinquent property taxes, football stadium, trail and facility fees. (FY 2011-2012)
- (B) Credit Recovery Course Fee - \$90/course
- (C) On-line Fees for Non-ASD Student - \$400/course
- (D) Summer School - \$100 in FY 2011-2012; \$85 FY 2010-2011
- (E) Summer School - \$100 FY 2011-2012 (reduced to one site); \$85 FY 2010-2011
- (F) Summer School - \$100 in FY 2011-2012; \$90 in FY 2010-2011
- (G) Musical Instrument Usage Fee - \$40 with continuation in FY 2011-2012
- (H) Middle Level Activity Fees - \$100 in FY 2011-2012, \$85 in FY 2010-2011, Family Cap \$390 (Middle and High combined)
- (I) High School Activity Fees - Tiers ranging from \$175 to \$195 in FY 2011-2012, \$165 in FY 2010-2011, Family Cap \$390 (Middle and High combined)
- (J) High School Parking Fees - \$55/semester FY 2011-2012, \$50 in FY 2010-2011
- (K) Training Fees - \$25 per course with continuation in FY 2011-2012
- (L) E-rate established by Congress to provide funding to K-12 schools for telecommunications, internet access and internal connections (Network Infrastructure).

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

	<u>Charter Limit</u>	<u>Limited Funding & Transferred Services</u>
	\$ 234,759,972	\$ 234,759,972
	41,544,114	41,544,114
Net Taxes Approved for General Fund	193,215,858	193,215,858
<u>Allowable Growth Factors</u>		
Population— 5 year Average	0.9 as of 10/26/2010	
CPI—5 average year Anchorage Urban	2.6 as of 1/28/2011	
	3.5%	
Additional funds above transferred services allocation	6,762,555	1,097,001 (1)
Basic Tax Limitation	199,978,413	194,312,859
<u>Plus Exclusions:</u>		No O & M
Judgments / Legal Settlements	-	No Adjustment Factor
Taxes for Operations and Maintenance on New Voter Approved Facilities	-	
Taxes Requested on New Construction / Property Improvements (2)	1,505,720	
<u>Plus Expenditures Transferred from the Municipality (AR NO. 2010-280(S): (1)</u>		
School Resource Officers (second 50% to offset 100% expenditures)		1,434,853
Football stadium rental @\$50 /hour		46,000
Trails \$1 / participant		15,000
Park shelter rentals		3,600
ASD portion of cost of sending out tax bills and collections		250,000
ASD share of uncollectible portion of delinquent property taxes		245,000
Tax Limitation—General Fund	<u>201,484,133</u>	<u>196,307,312</u>
Taxes Requested for Debt Service	41,280,133	41,280,133
TAX LIMITATION FY 2011-2012	\$ 196,307,312	237,587,445
General Fund		
Debt Service Fund (3)	<u>41,280,133</u>	
TAXES PROJECTED IN FINANCIAL PLAN—FY 2011-2012	<u>242,764,266</u>	<u>237,587,445</u>
AMOUNT OVER (UNDER) as allowed by the Property Tax Cap Limitation under the MOA Charter	<u>\$ 0</u>	<u>\$ (5,176,821)</u>

Notes: (1) A resolution of the Anchorage Municipal Assembly (AR NO 2010-280(S)) regarding the annual operating budget of the Anchorage School District for its fiscal year 2011-2012 (specifically property tax revenue); balance remaining after funding set aside for transferred services \$3,091,454 - \$1,994,453 = \$1,097,001.

(2) Taxes on new construction or property improvements, excluded from the limitation the first year, are computed as follows: 7.44 mills x \$202,381,783 (2010 preliminary new construction / property improvement value was verified by the Municipality of Anchorage's Office of Management and Budget, September, 2010) = \$1,505,720.

(3) The taxes approved for debt service are for sold bonds approved by the qualified voters. These projections include an anticipated \$3.845 M bond sale of authorized unissued bonds.

SCHEDULE OF GENERAL FUND REVENUES FROM STATE SOURCES

State Sources	FY 2009-2010 Audited Actual	FY 2009-2010 Revised	FY 2010-2011 Projections	FY 2011-2012 Projections
Alaska Public School Funding Program (A)	\$ 295,483,681	\$ 297,031,000	\$ 312,428,682	\$ 310,134,270
Pupil Transportation (B)	19,530,379	19,081,000	20,059,326	20,390,000
<u>Supplemental State Funding:</u>				
On-Base Schools (C)	408,484	408,484	408,484	408,484
Retirement System Employer Relief - TRS (D)	54,249,109	62,183,000	61,092,650	72,072,000
Retirement System Employer Relief - PERS (D)	4,357,749	4,364,000	4,876,000	7,296,208
TOTAL	<u>\$ 374,029,402</u>	<u>\$ 383,067,484</u>	<u>\$ 398,865,142</u>	<u>\$ 410,300,962</u>

Notes:

(A) Alaska Public School Funding Program - FY 2011-2012

Basic Need Equals 73,671.38 Adjusted ADM x \$5,680 Student Allocation and 13 times for intensive students \$ 418,453,438
 Minus 4 Mills x Foundation Defined Anchorage Assessed Valuation of \$25.480 billion (101,921,045)
 Minus Deductible Portion of Federal Impact Aid (7,576,865)
 Add \$16/ adjusted ADM for Quality Schools 1,178,742
 Total Alaska Public School Funding Program Aid \$ 310,134,270

(B) Pupil Transportation - District operated and contracted transportation reimbursement annual CPI (used 2.5 percent /\$417).
 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 rates.

Anchorage School District
Fiscal Year 2011-2012

SCHEDULE OF GENERAL FUND REVENUES FROM FEDERAL SOURCES

<u>Federal Sources</u>	FY 2009-2010 Audited Actual	FY 2009-2010 Revised	FY 2010-2011 Revised	FY 2011-2012 Projections
Federal Impact Aid (A)	\$ 17,492,274	\$ 13,000,000	\$ 15,000,000	\$ 17,000,000
Medicaid (B)	234,978		1,000,000	1,000,000
R.O.T.C. (C)	<u>678,151</u>	<u>780,000</u>	<u>780,000</u>	<u>800,000</u>
TOTAL	\$ <u>18,405,403</u>	\$ <u>13,780,000</u>	\$ <u>16,780,000</u>	\$ <u>18,800,000</u>

(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) reinstated the Medicaid reimbursement for school-based administrative costs.

(C) Revenues for FY 2011-2012 reflect trend data of revenue receipts.

Anchorage School District
School Board Approved Budget Revisions on February 3, 2011
FY 2011-2012

Second Reading
2/3/2011

Item	PROGRAM DESCRIPTION	FTE	Amount
General Fund			\$ 635,145,816
<i>Expenditure Revisions</i>			
1.	School Board Telephone account		(6,500)
2.	School Board Contractual Services Audit Account		6,500
3.	Elementary Summer School (July 2011 and June 2012)		1,420,000
4.	Middle Level Summer School (July 2011 and June 2012)		370,000
5.	High School Summer School (July 2011 and June 2012)		630,800
6.	Graduation Coaches at the High School Level	7.00	659,092
7.	Middle School Interscholastic		307,900
8.	Secretaries at the High School Level	8.00	495,756
9.	Library Assistants at the Middle Level (3.5 FTE - 7 hours each)	3.50	199,585
10.	Library Assistants at Elementary and High School Levels	8.75	429,135
11.	Sonic Boom		4,000
12.	Battle of the Books		16,500
13.	Increase Pupil to Teacher Ratio Grades 4-12 @ .5 FTE	(20.00)	(1,866,000)
		<i>Total Net Revisions</i>	7.25 \$ 2,666,768
		General Fund Total	7.25 \$ 637,812,584
 <i>Revenue Revisions</i>			
Local			
1.	Summer School Fees		69,160
2.	Middle School Activity Fees		137,400
3.	Use of Fund Balance		2,200,000
State			
4.	Revenues On-Behalf Retirement		260,208
		<i>Total Net Revisions</i>	\$ 2,666,768
		General Fund Total	\$ 637,812,584
		General Fund	\$ 637,812,584
		Food Service Fund	19,100,000
		Debt Service Fund	87,664,752
		Local, State, and Federal Grants Fund	67,333,232
		<i>Interim Total as of 2/03/2011</i>	\$ 811,910,568

ANCHORAGE SCHOOL DISTRICT
GENERAL FUND
SUMMARY OF MAJOR BUDGETED EXPENDITURE INCREASES AND DECREASES
FY 2010-2011 COMPARED TO FY 2011-2012
SECOND READING

FY 2010-2011 Revised Budget	\$	617,010,000
Major Expenditure Increases & Decreases:		
<u>Districtwide</u>		
Previously settled contracts and pending negotiations for various districtwide contracts up for renewal		17,215,911
Incremental TRS and PERS		13,088,549
Ending of ARRA resulting in a change in indirect cost		1,745,000
Payment to Municipality of Anchorage - School Resource Officers (SRO)		1,434,852
Payment to Municipality of Anchorage - Tax bills and collections		250,000
Payment to Municipality of Anchorage - Uncollectable portion of delinquent property taxes		245,000
Property and liability insurance, including brokerage administration fees		144,523
Payment to Municipality of Anchorage - Parks and Recreation fees		64,600
Mileage		13,391
	Total Districtwide Increases:	<u>34,201,826</u>
Utilities (heat, water, electricity, telephone, refuse) adjusted for rate changes and usage		(1,180,178)
Unallocated Adjustments		(660,678)
Attrition		(600,000)
Workers' Compensation rate reduction from 5.686% to 5.453% for Maintenance/Bus/Custodians		(65,844)
Copier lease		(43,989)
	Total Districtwide Decreases:	<u>(2,550,689)</u>
	Total Districtwide Changes:	<u>31,651,137</u>
<u>Elementary</u>		
Elementary Summer School (July 2011 and June 2012)		1,062,635
Additional Added Duty both certificated and classified		55,456
Sonic Boom		4,000
	Total Elementary Increases:	<u>1,122,091</u>
Elementary Teaching positions transferred to the Education Jobs Bill (-42.0 FTE)		(3,899,196)
Elementary Teachers for reduced enrollment (-12.0 FTE)		(1,114,056)
Pupil to Teacher Ratio increase .5 (-6.5 FTE)		(503,378)
Summer School - Elementary		
Funding for additional opportunities for reading, writing and math academic achievement		(200,000)
Eliminated Six Library Media Assistants except for Sand Lake (-2.625 FTE)		
Eliminated Family Resource Coordinator (-.6 FTE)		(52,070)
Testing coordination		(30,850)
Battle of the Books		
Supply & equipment allocation for decreased enrollment		(9,671)
	Total Elementary Decreases:	<u>(5,809,221)</u>
	Total Elementary Changes:	<u>(4,687,130)</u>
<u>Charter Schools</u>		
Charter School enrollment adjustment		106,809
	Total Charter School Changes:	<u>106,809</u>

Special Education

Six Special Education High School Teachers (6.0 FTE) converted from five Special Ed. Program Specialists (-5.0 FTE) and one Behavior Strategist (-1.0 FTE)	121,607
Three six-hour Teacher Assistants (2.25 FTE) for Special Education High School program needs	114,372
Increased Psychologist (1.0 FTE) and Teacher Assistants 3 hours (.375 FTE) from Extra Help Classified	103,930
One Special Service Teacher (1.0 FTE) added for the Alternative Career Education program	92,686
Middle School Special Service Teachers added (3.0 FTE), two Elementary Teacher Asst. reduced (-2.0 FTE), two Special Education Program Specialists reduced (-2.0 FTE)	44,638
Special Service Teacher Elementary Teachers (2.0 FTE) converted from Elementary Program Specialists (-2.0 FTE)	43,192
Two Special Service Teachers (2.0 FTE) converted from two Special Education Program Specialists (-2.0 FTE)	37,648
Special Service Teacher Preschool (2.0 FTE) converted from Preschool Program Specialist (-1.0 FTE) and Preschool Behavior Strategist (-1.0 FTE)	30,719
Mt. Iliamna Special Education Program Specialist (-1.0 FTE) converted to one Intervention Coach (1.0 FTE)	30,674
Five Special Ed. Program Specialists (-5.0 FTE) converted to Special Service Teacher (1.0 FTE), two Intervention Coaches (2.0 FTE), one Counselor (1.0 FTE) and one 7-hour Teacher Assistant (.875 FTE) at Whaley School	16,870
Mt. Iliamna Counselor (-1.0 FTE) converted to Special Education Clinical Intervention Coordinator (1.0 FTE)	14,147
Deaf program TA (1.125 FTE) converted to Special Service Teacher (.6 FTE)	6,274
Total Special Education Increases:	656,757
Extra Help Classified converted to one Psychologist (1.0 FTE) and 3 additional Teacher Assistant hours (.375 FTE)	(119,374)
Total Special Education Decreases:	(119,374)
Total Special Education Changes:	537,383

Gifted Education

Textbooks, teaching supplies and equipment	45,530
Total Gifted Program Changes:	45,530

English Language Learner

Four and four-tenths Language and Cultural Liaison (4.4 FTE) transferred from grants	287,482
Total English Language Learner Program Changes:	287,482

Middle Schools

Career Guide Teachers from ARRA (10.0 FTE)	929,680
Middle Level Summer School (July 2011 and June 2012)	169,903
Language Acquisition Support Teachers (2.0 FTE)	185,936
Career and College Readiness Supervisor (1.0 FTE)	90,574
Supply & equipment allocation for increased enrollment	14,943
Total Middle School Increases:	1,391,036
Middle Level Teaching positions transferred to the Education Jobs Bill (-16.0 FTE)	(1,487,488)
Pupil to Teacher Ratio increase .5 (-5.0 FTE)	(387,866)
<u>Interscholastics</u>	
<u>Summer school reduction</u>	
Eliminated Four 7-hour Library Media Assistants at Central, Gruening, Mirror Lake and Wendler (-3.5 FTE)	
In-School-Suspension (ISS) Teachers (-2.0 FTE)	(185,936)
One Assistant Principal (-1.0 FTE)	(124,855)
Eliminated one Counselor position (-1.0 FTE)	(92,968)
Eliminated Social Work Coordinator (-1.0 FTE)	(84,518)
Building initiatives, math training and writing program, curriculum development support	(40,000)
Department Chairperson	(16,523)
Database, software, web-based resources & support, internet safety & responsibility implementation	(10,000)
Total Middle School Decreases:	(2,430,154)
Total Middle School Changes:	(1,039,118)

High Schools

Remediation, HSGQ intensive initiative and on line teachers	258,581
High School Summer School (July 2011 and June 2012)	130,800
Ice rental for boys' hockey, ski trail maintenance	58,000
Activity trips and pool rental	57,530
Total High School Increases:	504,911

High School Teaching positions transferred to the Education Jobs Bill (-24.0 FTE)	(2,237,184)
High School Teachers for reduced enrollment (-14.5 FTE)	(1,351,632)
Pupil to Teacher Ratio increase .5 (-8.5 FTE)	(661,493)
Eliminated Graduation Support Coordinators (- 7.0 FTE)	
Eliminated one Secretary position at each comprehensive high school (- 8.0 FTE)	
Eliminated one 7 hour Library Media Assistant position at each comprehensive high school (- 6.125 FTE)	
Summer school enrichment courses	
One Principal at the High School level (-1.0 FTE)	(142,087)
Eliminated Elitnaurvik Within East (EWE) Supervisor at East High (-1.0 FTE)	(93,904)
Eliminated High School Executive Secretary (-1.0 FTE)	(87,384)
Eliminated NEP Supervisor at South High (-1.0 FTE)	(86,279)
Remediation Course Software Licenses	(50,000)
Supply & equipment allocation for decreased enrollment	(43,470)
Total High School Decreases:	(4,753,433)
Total High School Changes:	(4,248,522)

Instructional Support

Eliminated Educational Technology Supervisor (-1.0 FTE)	(123,630)
Eliminated Safe & Drug Free Schools Supervisor (-.875 FTE)	(104,502)
Eliminated Education Technology Teacher (-1.0 FTE)	(90,774)
Eliminated Districtwide Music Teacher (-.8 FTE)	(75,937)
Eliminated Safe & Drug Free Schools Grant Technician (-1.0 FTE)	(68,438)
Reduction - Added Duty Certificated - Curriculum Department	(46,201)
Contracted Services - Assessment & Evaluation	(38,000)
Reduce addenda for staff development - Training & Professional Development	(30,558)
Eliminated Administrative Assistant shared with grant fund - Training & Professional Development (-.25 FTE)	(14,984)
Sonic Boom	(4,000)
Total Instructional Support Decreases:	(597,024)
Total Instructional Support Changes:	(597,024)

Informational Technology

Tech Support I from ARRA - (16.0 FTE)	1,150,353
Software licenses, maintenance, other contracted services, subscriptions, supplies and equipment	585,634
Elementary K-12 Education Technology Teachers from ARRA - (3.0 FTE)	302,549
Tech Support II from ARRA - (2.5 FTE)	217,809
Supervisor Technology Support from ARRA - (1.0 FTE)	139,391
Network Analyst from ARRA - (1.0 FTE)	122,272
Systems Analyst from ARRA - (1.0 FTE)	114,960
Programmer from ARRA - (1.0 FTE)	93,450
Records Technician converted from one-half A/V Technician in Audio-Visual Services (.5 FTE)	30,568
Systems Administrator I converted from Computer Systems Operations Specialist	23,091
Total Informational Technology Increases:	2,780,077
Computer refresh	(2,865,004)
Student Information System (Zangle) implementation - Added duty, added days, extra help	(528,667)
Eliminated Student Information Systems Manager (-1.0 FTE)	(140,198)
Eliminated Project Manager (-1.0 FTE)	(103,580)
Total Informational Technology Decreases:	(3,637,449)
Total Informational Technology Changes:	(857,372)

Administration/Support Services/Rentals, Community Resources

Special Ed Due Process Reimbursement	361,200
Pilot program for outsourcing of snow removal	220,000
One-half Administrative Assistant (.5 FTE), one-half Regulatory Manager (.5 FTE), one-half Regulatory Compliance Specialist (.5 FTE) transferred to Maintenance Department from Capital Projects Fund	150,607
Director Federal Compliance (1.0 FTE - from ARRA)	120,205
Energy Conservation Manager (1.0 FTE)	95,896
Sustainable Schools initiative & energy conservation consulting services	35,000
GPS activation for ASD maintenance vehicles	35,000
Internship workers for energy conservation, supplies	21,900
Homeless Project transportation	26,600
Recruitment incentive for hard to fill World Language Immersion Teachers	19,508
Increase Human Resources Administrative Assistant from 6 hours to 8 hours (.25 FTE)	18,099
Total Administration/Support Services/Rentals, Community Resources Increases:	1,104,015

Legal fees	(280,000)
Eliminated Three M-6 Maintenance positions (3.0 FTE), maintenance extra help increased - Maintenance Dept.	(243,860)
Reserve for emergency needs, self insured supplies, equipment	(175,500)
Eliminated One Microcomputer Specialist (1.0 FTE) and one-half time Server Administrator (.5 FTE) - Maintenance Dept.	(135,413)
Transfer - Field Trips/Activity Trips	(100,000)
Eliminated Custodial Supervisor (-1.0 FTE)	(83,266)
Eliminated Customer Service Receptionist/Switchboard (-1.0 FTE)	(70,028)
Eliminated Human Resources Administrative Assistant (1.0 FTE)	(63,122)
Fuel	(48,132)
Eliminated Community Resources Secretary (-1.0 FTE)	(47,488)
Eliminated Accountant position (-1.0 FTE) and transferred Accountant from Capital Projects Fund (.5 FTE)	(42,111)
Eliminated Admin. Asst. position (-1.0 FTE) and transferred Admin. Asst. from Capital Projects Fund (.5 FTE)	(37,760)
Contracted ASD services provided for Charter Schools	(31,653)
Eliminated Purchasing Agent (-1.0 FTE) and transferred Admin. Asst. from Capital Projects Fund (1.0 FTE)	(23,465)
Transport of electronic surplus to a certified electronic recycler	(17,400)
Extra help - CFO, Assistant Superintendent - Instruction, Publication Services	(15,093)
Convert H/R Information Specialist to IFAS Support Specialist	(14,977)
Total Administration/Support Services/Rentals, Community Resources Decreases:	(1,429,268)
Total Administration/Support Services/Rentals, Community Resources Changes:	(325,253)

Total Major Budgeted Expenditure Increases:	42,200,534
Total Major Budgeted Expenditure Decreases:	(21,326,612)
Net Change:	20,873,922
Minor Adjustments and Rounding:	(71,338)

FY 2011-2012 PROPOSED EXPENDITURE BUDGET

\$ 637,812,584