

ANCHORAGE SCHOOL DISTRICT  
ANCHORAGE, ALASKA

ASD MEMORANDUM #180 (2011-2012)

January 23, 2012

TO: SCHOOL BOARD  
FROM: OFFICE OF THE SUPERINTENDENT  
SUBJECT: FISCAL YEAR 2012-2013 FINANCIAL PLANNING

ASD Core Value: *The district will be open, transparent and accountable to the public*

PERTINENT FACTS:

The accompanying budget document contains the Anchorage School District's FY 2012-2013 Preliminary Financial Plan. The total recommended budget by individual fund projected as follows:

<u>Fund</u>	FY 2012-2013 <u>Financial Plan</u>	<u>Percent of Funding</u>			
		<u>Local</u> Taxes	Other	State	Federal
General	\$ 569,140,060	35	2	58	5
Food Service	18,116,350		27		73
Debt Service	86,085,944	47		53	
Grants	<u>53,500,000</u>		4	2	94
Total - All Funds	<u>\$ 726,842,354</u>				
Percent of Revenue Sources to Total		33	3	52	12

**OVERVIEW**

The total budget for all funds is reduced \$6.2 million from last year. Inclusive in that reduction are program cuts and eliminations in the General Fund in order to balance expenditures to anticipated revenues. The Grants Fund adjusts services regularly based on available funds. All other funds balance without program cuts.

Anticipated inflation and contractual obligations increase the cost of maintaining services currently provided each year. The FY 2012-2013 budget is no exception. With

only modest revenues increases expected, service cuts are required in the General Fund to balance expenditures to revenues. Efficiencies are sought regularly through the District and many have been identified this year in order to minimize budget cuts to instructional programs.

Reductions, program eliminations and efficiencies identified in the General Fund amount to \$22.5 million. The fund has also been reduced \$1.8 million anticipating a drop in enrollment for next year. Therefore, total service reductions amount to \$24.3 million. These adjustments are listed in this memo and will be addressed during the School Board work sessions January 23-24, 2012.

This memo only summarizes but does not re-address the pro forma revenue/expenditure assumptions unless there has been a significant change, either in dollar amount or activity. The changes addressed in this memorandum occurred subsequent to the October 24, 2011 [Pro Forma memorandum](#) which provides the detailed information and can be found on the District Budget website as well as linked from the October 24 School Board meeting agenda.

## **SUMMARY OF PRIOR ASSUMPTIONS**

The major assumptions in preparing the FY 2012-2013 budget are based on, but not limited to, the following criteria:

- Balanced budget for presentation to the Anchorage Assembly – expenditures equal revenues
- Local property taxes – AR NO. 2011-296 approved appropriation of 1 percent increase in local property taxes
- Alaska Public School Funding Program – no change in the base student allocation of \$5,680; 20 percent special needs funding factor; 13 times intensive needs, and 1 percent CTE funding
- Quality Schools Grant – \$16 per pupil
- Use of fund balance as a revenue source – use \$7 million of unassigned fund balance to reduce the fiscal gap
- Potential adoption or expansion of programs must be funded within existing resources

There are still uncertainties that face the district pertaining to the FY 2012-2013 Financial Plan.

- School Board goals and projects, and other areas of interest
- Legislative action
- Anchorage Assembly action on ASD financial plan

- General Fund contract negotiations for bus drivers and attendants, and exempt employees
- Rate increase/decrease notifications from outside agencies and oil prices
- Federal Impact Aid subject to annual appropriation

**SIGNIFICANT CHANGES**

**State Retirement System Liability Funds:**

**Effective with this budget, the district will change the policy regarding State Retirement System Liability Funds and no longer include those funds as a budgeted item.** This is different from the upper limit request in November to include a fifth fund; there will be no fifth fund and no retirement system liability funds within the approval of the upper limit. Prior year budgets within the FY 2012-2013 budget documents have also been adjusted to exclude these funds for an accurate comparison.

The purpose for this change in fiscal policy is for the same reasons the Municipality identified a few years ago when it began excluding the funds from Municipal budget documents. The liability funding payments are not cash transactions, have no impact or cost to local taxpayers and are appropriations of the State, not the District or Municipality. Additionally, these funds vary wildly on a year to year basis which makes effective budgeting difficult.

Since the District and Municipality have historically handled these funds differently, this change should reduce confusion. The District budget will not be inflated with the state’s contribution to the retirement system liability, instead it will better reflect the true day to day operating costs of the district.

The Administration recognizes and remains grateful for the State’s commitment to fund the retirement system liability. Similarly to the Municipality, this non-budgeted item will be appropriately recorded in all financial statements of the District.

**Student Enrollment:**

Enrollment remains stable. The graph below reflects a slight increase as compared to projected enrollment from the November 14<sup>th</sup> report. However, total enrollment projections remain lower than current year student counts.

	Pro forma Projection 2012-2013 9/30/12	Projection Updated 2012-2013 9/30/12
Total number	48,670	48,698
Change over previous projection		28
FTE (Full-Time Equivalent)	48,417	48,445

## UPDATE BY FUND

**Food Service**— The Food Service Fund remained the same at \$18,116,350 as projected in the pro forma scenario.

**Debt Service**— After further review, the state reimbursement amount was adjusted changing the total from \$86,157,856 to \$86,085,944. This resulted from a lower anticipated bond sale from \$12.0 million to \$11.1 million using authorized unissued bonds; the projections do not include debt service on any possible future bond propositions that may be approved by the voters in future years.

**Grants**— The Grants Fund remained the same at \$53,500,000 as projected in the pro forma scenario.

**General Fund** - The General Fund has significant adjustments since the October 24, 2011 [Pro Forma memorandum](#). They are described below:

### **Revenue:**

**Alaska Public School Funding Program**— This funding program has a net decrease of \$16,643. The net change results from additional property tax revenue, elimination of summer school revenues, fewer students projected for the transfer of the Spring Creek Correctional facility, and an increased enrollment projection for Frontier Charter School.

**Local property taxes**— The local property tax revenue for FY 2012-2013 assumes the Anchorage Assembly's October 25, 2011 approval of AR NO. 2011-296 that increases the District's share of property taxes by 1 percent for a total of \$239,963,319. Of this approved property tax funding, \$199,901,539 is designated for the General Fund and \$40,061,780 is designated for the Debt Service Fund.

**Summer school fees**— Due to the recommendation to eliminate the expenditures for summer school at all levels, \$286,000 of summer school revenue was eliminated.

**E-rate**— Due to further review of eligible e-rate expenditures, the e-rate revenue was increased by \$50,000.

**Fund balance**— Use of \$7 million in fund balance as a revenue source in the budget remains consistent. However an anticipated increase in restricted fund balance for the municipal bond rating will adjust the previous remaining percentages of unallocated fund balance from 3.7 percent to closer to 3 percent. This reallocation would not reduce the overall amount and therefore the administration believes the use of \$7 million of fund balance in this budget remains appropriate.

**Expenditures:**

The following expenditure budgetary adjustments have been made after months of staff discussions on the Value-Based Budget process, research and analysis, and then compiling the data. The change in the General Fund budget includes approximately \$26.1 million of increases and \$24.3 million in reductions, resulting in a net increase of \$1.6 million.

**Budgetary expenditure increases:**

Contractual increases	\$15.1 million
Education Jobs Bill positions	7.6 million
Response to Instruction	1.2 million
Equipment Replacement Fund	1 million
Additional services	1.2 million

The following positions have been added:

In the Classroom

- Education Jobs Bill (82 FTE)
- Special service teacher for the ACE program (1.0 FTE)

Direct Classroom Support

- Stem Coordinator (1 FTE)

**Budgetary expenditure decreases:**

In order to provide a balanced budget, approximately \$24.3 million in service cuts have been proposed in this budget.

Program eliminations include:

Summer school – elementary, middle and high school	(\$2.8 million)
Graduation coaches	(.6 million)
Career guides	(1 million)
Middle level ISS teachers	(.6 million)
Student Support Program Supervisors	(.2 million)
Romig master plan facilitator	(.1 million)

Programs reduced through ratio or service level adjustment include:

Elementary counselors	(.6 million)
Elementary librarians and assistants	(.4 million)
Special Education/Related Services	(2.8 million)
ELL services	(.3 million)
Gifted Education services	(.3 million)
Curriculum & Instructional Support	(.8 million)
Maintenance positions and project funds	(.8 million)
Purchasing/Warehouse positions	(.4 million)
Custodial positions	(.1 million)

Other significant budget adjustments include:

Projected enrollment decrease	(\$1.8 million)
Increase attrition factor based on recent year actual costs	(1.2 million)
One-time cut of bandwidth costs	(.2 million)
One-time cut of utilities based on recent year actual and projected costs	(.4 million)
One-time cut of IT equipment refresh	(2.3 million)
Class-size adjustment – 48.5 FTE (grades 3-12)	(4.6 million)

A comprehensive list of all the reductions are listed on Attachment A. All together, the budget includes a net reduction of approximately 88 full-time equivalent positions.

**Class size increase detail:**

A discussion regarding the avoidance of increased class size occurred during the October 24<sup>th</sup> pro forma deliberation where the Administration and School Board all concurred that class size is important to maintain. Unfortunately with the significant program cuts above, a reduction was still required. To meet the required dollar reduction, increasing class size was determined necessary.

Grade	Current PTR	Change
Kindergarten (FTE)	20.50 to 1	
Grade 1	21.00 to 1	
Grade 2	24.25 to 1	
Grade 3	24.25 to 1	24.75 to 1
Grades 4-6	27.25 to 1	28.25 to 1
Grades 7-8	26.25 to 1	27.25 to 1
Grades 9-12	27.91 to 1	29.41 to 1
Special Education	Staffing is based upon demonstrated need however several positions were reduced for FY 2012-2013	

**WHAT IF ASD RECEIVES ADDITIONAL FUNDING**

The above recommended positions and program eliminations were difficult decisions to make; these are important programs and positions. If available funding increases are approved by the State Legislature and Governor, the Administration would recommend adding back the following programs. These are in no particular order.

- Class size grades 3 - 12
- Elementary counselors and librarians
- Middle level ISS teachers
- High school summer school
- Certificated staff that provide direct services to students with disabilities
- Maintenance staff



ANCHORAGE SCHOOL DISTRICT  
GENERAL FUND  
SUMMARY OF MAJOR BUDGETED EXPENDITURE INCREASES AND DECREASES  
FY 2011-2012 COMPARED TO FY 2012-2013

<b>FY 2011-2012 Revised Budget</b>	<b>FTE</b>	<b>\$</b>	<b>567,356,088</b>
Major Expenditure Increases & Decreases:			
<u>Districtwide</u>			
Settled Contracts			14,584,231
Response to Instruction (RTI)			1,200,000
Equipment Replacement Fund			967,987
Indirect Cost			400,000
Property & Liability Insurance			73,500
Increased Municipality of Anchorage charges for School Resource Officers (SROs)			72,056
	Total Districtwide Increases:		17,297,774
Attrition			(1,200,000)
Utilities			(348,563)
	Total Districtwide Decreases:		(1,548,563)
<u>Elementary</u>			
Elementary Teachers - Jobs Bill	42.00		3,912,930
	Total Elementary Increases:	42.00	3,912,930
Class size increase: K-2 no increase,, 3rd grade increase .5, 4th thru 6 increase 1.0	(15.00)		(1,432,113)
Elementary Teachers for lower enrollment	(8.00)		(763,792)
Supply & Equipment allocation due to lower enrollment			(27,900)
Summer School - Elementary			(1,120,705)
Counselors	(6.00)		(572,846)
Librarians	(4.00)		(381,593)
Creating Successful Futures	(1.00)		(95,473)
Library Assistants	(1.75)		(55,730)
Breakfast Program			(25,000)
Battle of the Books			(15,705)
	Total Elementary Decreases:	(35.75)	(4,490,857)
	Total Elementary Changes:	6.25	(577,927)
<u>Special Education</u>			
Health Services Coordinator transferred from grants - Health Services	1.00		113,142
Administrative Assistant transferred from grants - Health Services	1.00		74,203
Teacher Assistants - Special Education Middle School	1.75		85,034
Teacher Assistants - Special Education High School	1.75		85,034
Special Service Teacher for Tapestry - ACE Program	1.00		93,002
	Total Special Education Increases:	6.50	450,415
Counselors and Supplies - Secondary Special Education	(9.00)		(856,730)
Resource Teachers - Elementary Special Education	(6.00)		(559,067)
Resource Teacher Assistant - Elementary Special Education	(4.88)		(243,787)
Health Treatment Specialists transferred to grant fund	(2.10)		(173,988)
Teacher Assistants - Speech/Language	(3.40)		(169,950)
Special Service Teacher - Psychology	(1.80)		(167,794)
Special Service Teacher - Special Schools	(1.00)		(93,212)
Teacher Consultant - Elementary Special Education	(1.00)		(93,211)
Special Service Teacher - Elementary Special Education	(1.00)		(93,211)
Preschool Teacher Assistants - Elementary Special Education	(1.63)		(81,301)

Special Education continued...		
Related Services Specialist - Speech/Language	(1.00)	(66,351)
Related Services Technician - OT/PT	(1.00)	(66,229)
Secretary - Special Education Administration	(1.00)	(62,735)
Interpreter for the Deaf	(1.00)	(60,391)
Teacher Assistant - OT/PT	(0.88)	(58,116)
Administrative Assistant - Speech/Language	(1.00)	(58,092)
Teacher Assistant - Psychology	(1.00)	(49,911)
Special Service Teacher - Outreach	(0.50)	(46,570)
Teacher Assistant	(0.88)	(44,570)
BVI	(0.45)	(41,983)
Teaching Supplies & Equipment - Elementary Special Education		(36,000)
Extra Help Certificated - Speech/Language		(30,699)
Added Days - Summer School		(28,723)
Special Service Teacher - OT/PT	(0.30)	(27,941)
IEP Clerical - Special Schools	(0.50)	(16,232)
Contracted Services Instructional - Speech/Language		(14,000)
	<u>Total Special Education Decreases:</u>	<u>(41.32) (3,240,794)</u>
	<u>Total Special Education Changes:</u>	<u>(34.82) (2,790,379)</u>
 <u>Gifted Education</u>		
Special Education Teachers	(3.00)	(282,060)
	<u>Total Gifted Program Changes:</u>	<u>(3.00) (282,060)</u>
 <u>English Language Learner</u>		
Special Service Teachers	(2.00)	(186,422)
Tutor	(1.00)	(47,119)
Secretary	(0.50)	(31,884)
Language & Cultural Liaison	(0.50)	(30,315)
	<u>Total English Language Learner Program Decreases:</u>	<u>(4.00) (295,740)</u>
 <u>Middle Schools</u>		
Middle School Teachers - Jobs Bill	16.00	1,490,640
	<u>Total Middle School Increases:</u>	<u>16.00 1,490,640</u>
Class size increase of 1.0	(9.50)	(908,242)
Middle School Teachers for lower enrollment	(2.00)	(191,208)
Supplies & Equipment due to lower enrollment		(7,900)
Career Guides	(10.00)	(956,044)
ISS Teachers	(6.40)	(611,869)
Summer School		(459,791)
College and Career Ready Coordinator	(1.00)	(97,465)
Romig Master Plan Facilitator	(1.00)	(95,950)
Language Acquisition	(1.00)	(95,605)
Response to Instruction (RTI) transferred to support districtwide efforts		(50,000)
Noon Duty Attendants	(2.25)	(37,552)
School Business Partnership addenda		(10,107)
	<u>Total Middle School Decreases:</u>	<u>(33.15) (3,521,733)</u>
	<u>Total Middle School Changes:</u>	<u>(17.15) (2,031,093)</u>
 <u>High Schools</u>		
High School Teachers - Jobs Bill	24.00	2,235,960
Spring Creek Correctional Facility transfer to ASD		318,600
	<u>Total High School Increases:</u>	<u>24.00 2,554,560</u>

Class size increase of 1.5	(24.00)	(2,300,494)
High School Teachers for lower enrollment	(8.00)	(766,832)
Supplies & Equipment due to lower enrollment		(30,200)
Summer School		(1,188,448)
Graduation Coaches	(7.00)	(641,912)
Student Support Program Supervisor	(1.00)	(95,714)
Student Support Program Supervisor	(1.00)	(89,753)
Student Activities		(53,252)
High School Graduation Qualifying Exam (HSGQE) addenda		(51,010)
College/Career Ready Coordinator addenda		(21,485)
School Business Partnership addenda		(17,132)
	<u>Total High School Decreases:</u>	<u>(41.00) (5,256,232)</u>
	<u>Total High School Changes:</u>	<u>(17.00) (2,701,672)</u>

Instructional Support

STEM Coordinator - Curriculum & Instruction	1.00	101,810
RTI Support - Curriculum & Instruction	1.00	93,575
Library corporation (TLC) Licensing		76,150
	<u>Total Instructional Support Increases:</u>	<u>2.00 271,535</u>

K-8 Professional Development and Community Outreach/area of mathematics		(425,000)
Music Districtwide	(1.50)	(156,919)
Educational Technology Teacher	(1.00)	(101,558)
Health & Physical Education Teacher Expert - Curriculum & Instruction *	(1.00)	(93,211)
Social Studies/Language Teacher Expert - Curriculum & Instruction *	(1.00)	(93,210)
Career Technology Education		(75,000)
Administrative Assistant - Curriculum & Instruction	(1.00)	(58,860)
Added Duty - Curriculum & Instruction		(28,723)
TLC Training - Library Resources		(8,750)
AEA to ACE position conversion - Curriculum & Instruction		(8,605)
Contracted Services - Curriculum & Instruction		(6,000)
	<u>Total Instructional Support Decreases:</u>	<u>(5.50) (1,055,836)</u>
	<u>Total Instructional Support Changes:</u>	<u>(3.50) (784,301)</u>

Training & Professional Development

My Learning Plan - Contracted services transferred from grants		50,000
		<u>50,000</u>
Administrative Assistant - Training & Professional Development	(1.00)	(80,940)
Added Days - Training & Professional Development		(34,468)
Substitute Teachers - Training & Professional Development		(15,737)
	<u>Total Training &amp; Professional Development Decreases:</u>	<u>(1.00) (131,145)</u>
	<u>Total Training &amp; Professional Development Changes:</u>	<u>(1.00) (81,145)</u>

Informational Technology

Secretary - Information Support Center	1.00	54,698
	<u>Total Informational Technology Increases:</u>	<u>1.00 54,698</u>
Equipment refresh		(2,320,330)
Bandwidth		(240,000)
Extra Help		(37,950)
	<u>Total Informational Technology Decreases:</u>	<u>(2,598,280)</u>
	<u>Total Informational Technology Changes:</u>	<u>(2,543,582)</u>

Administration/Support Services/Rentals, Community Resources

License fee for facility condition assessment tool/software		35,000
Total Administration/Support Services/Rentals, Community Resources Increases:		<u>35,000</u>
Six Maintenance - Maintenance	(6.00)	(535,457)
Maintenance Projects		(290,000)
Three Maintenance - Warehouse	(3.00)	(286,421)
Custodians - Operations	(2.50)	(126,258)
Contracted Services & Equipment Repair - Maintenance		(101,547)
One Sr. Administration Clerk - Purchasing	(1.00)	(54,800)
One Administrative Assistant - Human Resources	(1.00)	(69,838)
Contracted Services & Supplies - Communications & Publication Services		(68,921)
Repair Parts - F/M Vehicle Maintenance		(60,000)
Substitute Teachers during training sessions - Human Resources		(55,352)
Transfer Field/Activity Trips - Bus Operations		(50,000)
Super Cargo Vans - Maintenance		(47,497)
Financial Audits - School Board		(45,800)
Travel, legal fees - Superintendent		(20,000)
Supplies, inventory adjustment, self-insured equipment - Warehouse		(13,400)
Arbitration & Recruitment - Human Resources		(12,000)
Crossing Guards, Extra Help, Girdwood Bus - Transportation		(11,820)
Extra Help, supplies - Accounting		(11,768)
Supplies - Maintenance		(8,828)
Security & Emergency Preparedness		(4,900)
Total Administration/Support Services/Rentals, Community Resources Decreases:	<u>(13.50)</u>	<u>(1,874,607)</u>
Total Administration/Support Services/Rentals, Community Resources Changes:	(13.50)	(1,839,607)
Total Major Budgeted Expenditure Increases:	91.50	26,117,552
Total Major Budgeted Expenditure Decreases:	<u>(178.22)</u>	<u>(24,295,847)</u>
Net Change:	<u>(86.72)</u>	<u>1,821,705</u>
Minor Adjustments and Rounding:		(37,733)

**FY 2012-2013 PRELIMINARY EXPENDITURE BUDGET****\$ 569,140,060**