

ANCHORAGE SCHOOL DISTRICT
ANCHORAGE, ALASKA

ASD MEMORANDUM #162 (2004-2005)

February 2, 2005

TO: SCHOOL BOARD

FROM: OFFICE OF THE SUPERINTENDENT

SUBJECT: FY 2005-2006 PROPOSED FINANCIAL PLAN
(REVISED) (SECOND READING)

RECOMMENDATION:

It is the Administration's recommendation that the School Board approve and authorize the Superintendent to prepare the Anchorage School District's FY 2005-2006 Proposed Financial Plan as set forth in the projected revenue and expenditure schedules in the memorandum (Attachment B). The total budget recommendation is \$569,575,515. This includes individual fund budgets currently projected as follows:

	<u>FY 2005-2006 Financial Plan</u>
General Fund	\$ 430,200,000
Food Service Fund	14,515,771
Debt Service Fund	76,859,744
Local/State/Federal Projects Fund	<u>48,000,000</u>
Total - All Funds	<u>\$ 569,575,515</u>

The total of local tax contribution to be requested is \$178,934,543.

It is further recommended that the School Board authorize the Superintendent to adjust the budget expenditure ceiling and the above tax amount in accordance with any adjustment to the base student allocation approved by the Legislature and Governor or to any changes in Charter Schools, enrollment adjustments, State approval of debt retirement projects, and the upper limit of the local tax cap.

PERTINENT FACTS:

Information has been provided over the last couple of weeks that will continue to impact the FY 2005-2006 financial planning.

The Governor's most recent proposal as of January 18, 2005, to increase the Alaska Public School Funding Program has been introduced into the legislature. The proposal would increase the base student allocation to \$4,880. This is an increase of \$11 from the \$4,869 used in the preliminary financial plan. During the initial planning the School Board directed the Administration to use the Governor's most current proposal which at that time was \$4,869, an increase of \$293 from the FY 2004-2005 base student allocation of \$4,576. The Governor's updated base student allocation of \$4,880 will provide an additional \$731,000 of which a portion will need to be allocated to the charter schools. The budget allocation amount directed to charter schools will be dependent upon the final student projections for each of the currently approved charter schools.

At this time the local property tax calculation has not been finalized, because the official Consumer Price Index (CPI), the 5-year average population and the new construction amount have not been confirmed. Because this calculation may impact the revenues either positively or negatively, and because there are still ongoing base student allocation discussions by the legislators and interested parties, it is suggested that the Board not make any expenditure adjustments at this time. In the interim the funds would be placed in the Non-Departmental Unallocated account until final funding parameters are known. For example, an expenditure item not included in the FY 2005-2006 Financial Plan is funding for expanding summer school to include the Summer School Enrichment Proposal 2005 (funded in the FY 2004-2005 budget) being brought forward in February for Board review and approval. If the Board approves the proposal and depending upon the funding level, some of this funding could be directed towards the Summer School Proposal for the summer of 2006. Also if the Winterberry Charter School is approved by the State in March, this may also reduce our elementary school enrollment projections which would impact the expenditures.

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 2005-2006 proposed budget reflects the District's on-going efforts to achieve this balance, maximize performance and contain costs.

These projections for FY 2005-2006 are prepared using the most current information available. Existing funds and cost savings are directed to District programs to ensure that progress is made in achieving the current School Board Goals. The budget development process is mindful of the District's Six-Year Instructional Plan with the responsibility of designating financial and human resources within projected revenues.

BUDGET DEVELOPMENT

The budget development process for the District is an ongoing process that encompasses over six months of gathering and analyzing information. The budget continues to realign the District's priorities, as budgeting is a progressive process. The balanced budget concept, Alaska Public School Funding, and the local property tax limitation necessitate early predictions of both revenues and expenditures. Federal, State or local mandates may necessitate the District to incorporate additional responsibilities and/or initiate new programs within the District. Various demographic and economic factors must be evaluated for their impact on the budget. Then, the total of all department budgets plus any new facilities or change in program requirements are compared to anticipated revenues.

Departments and schools review their programs and responsibilities; assess what is being done during the current fiscal year and what progress is being made; begin making plans for next year and future years and then prepare budget requests based on their program requirements and how they support the Goals and Mission of "educating all students for success in life."

Input from prior year budget review teams' recommendations, community members, students and staff members resulted in a change or elimination of existing programs and/or implementation of new ones. The focus still remains on evaluating the need for additional staff, supplies, and other operating expenses. Efficiencies were achieved through better resource management or teaming with other agencies.

On November 8, 2004, a School Board FY 2005-2006 financial planning work session was held. A pro forma revenue and expenditure budget was presented based on the information known then. At that time the Administration projected that the District faced a \$29 million fiscal gap for FY 2005-2006. Assumptions used for projection purposes were reviewed with the School Board. The Administration gathered suggestions and changes that the School Board members wanted the Administration to further investigate including any of the suggestions submitted by the staff and community members. At the

work session the School Board provided guidance to the Administration to proceed with the Governor's educational funding plan which adjusted the base student allocation from \$4,576 to \$4,869, an increase of \$293. In addition, the School Board gave direction to include \$6.5 million of the undesignated fund balance as a funding source, while maintaining a five percent undesignated fund balance to cover unforeseen contingencies.

On November 15, 2004, the School Board authorized the Superintendent to prepare the Anchorage School District's FY 2005-2006 Preliminary Financial Plan. Guidance was given that directed the Administration to build a budget in accordance with the financial projections set forth at that time using the Governor's proposed funding level. In addition, authorization was given for the use of \$6.5 million from the fund balance for one-time expenditures outside the ordinary annual budget. Authority was also given to adjust the budget expenditure ceiling in accordance with any negotiated contract adjustments and other associated cost increases, School Board requests, and Administration, community, staff and students' budget review recommendations given to the Superintendent. In addition, flexibility was given to allow for adjustments based on updated demographics and/or economic information, as well as staffing based on review of student enrollment projections. The total of all department budgets plus any new facilities or change in program requirements were compared to anticipated revenues. At that time it was projected that expenditures would exceed projected revenues by approximately \$10.0 million.

During this past two months as the Administration proceeded forward in preparing a FY 2005-2006 Preliminary Financial Plan in which expenditures would equal revenues, the District's mission of educating all students for success in life was always at the forefront. It was also recognized that this could not be accomplished without support and maintenance departments. Review and reassessment of assumptions and parameters were made again. Updated and new information was incorporated. Assessment of workload and reorganizations within departments to improve efficiencies were made. Community, staff and student suggestions were considered and implemented where appropriate. After a great deal of review, consideration and discussion, the Superintendent presented to the School Board a balanced FY 2005-2006 Preliminary Financial Plan totaling \$569,358,928. Expenditures were brought into balance with revenues by making reductions. Some reductions were made as a result of efficiencies through better resource management, but eliminating the fiscal gap was not accomplished without directly impacting instructional programs.

The Administration presented the FY 2005-2006 Preliminary Financial Plan to the School Board on January 18 and 20, 2004. The Superintendent gave a

general overview and then each administrator presented his/her budget identifying any major changes, including program realignments.

First Reading of the FY 2005-2006 Proposed Financial Plan

The School Board considered the FY 2005-2006 Proposed Financial Plan at a special meeting on January 27, 2005. No revisions were made at that time due to ongoing revenue discussions at the State and local level. It was decided that adjustments to the FY 2005-2006 Financial Plan should wait until final revenue funding is known. The total budget recommendation for the four funds — General, Food Service, Debt Service and Local/State/Federal Projects Funds – remained at \$569,735,177 as presented to the School Board.

Adjustment made to the FY 2005-2006 Proposed Financial Plan since the First Reading

On January 28, 2005, the Administration was notified by the Municipality of Anchorage of a revision to the proposed future bond sale in March 2005, of \$63.850 million of authorized unsold bonds. The projections included in this memorandum have been revised as of January 28, 2005, to reflect updated information provided by the Municipality of Anchorage. The Debt Service Fund for FY 2005-2006 is now projected to be \$76.9 million, down from the preliminary projection of \$77.4 million. The total budget recommendation for the four funds — General, Food Service, Debt Service and Local/State/Federal Projects Funds – has been adjust to reflect the Debt Service revision. The revised total of the FY 2005-2006 Financial Plan is \$569,575,515.

Student enrollments, 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 FY 2005-2006 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, profile, and both demographic and economic considerations. The General Fund budget is developed using the FTE (full-time equivalent) student count, weighting both half-day kindergarten and preschool students at one-half, which is consistent with their programs.

In order to project student enrollment, District staff works closely with the Municipality of Anchorage in utilizing the Municipality's Geographic Information System. The following schedule summarizes the actual or projected student enrollment information for FY 2002-2003 through FY 2005-2006 on both a full count and FTE basis.

	Actuals 2002-2003 <u>9/30/02</u>	Actuals 2003-2004 <u>9/30/03</u>	Actuals 2004-2005 <u>9/30/04</u>	Projected 2005-2006 <u>9/30/05</u>
Total Number	50,029	49,663	49,454	49,289
Change over previous year		(366)	(209)	(165)
FTE (Full-Time Equivalent)	49,791	49,431	49,239	49,071

Variable General Fund expenditures will be revised periodically for changes in enrollment projections. We will review projected enrollment to determine if we need to make adjustments in light of the recent closing of Village Charter School and the possible opening in September of the Winterberry Charter School (Waldorf inspired).

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

Major changes to the revenue projections for FY 2005-2006 as compared to FY 2004-2005 are listed on Attachment C.

Alaska Public School Funding Program—The largest single revenue source to the District comes from the Alaska Public School Funding Program. Since the announcement of the Governor's educational funding plan on November 5, 2004, and the inclusion of this plan in preparing the District's FY 2005-2006 Preliminary Financial Plan, the District's fiscal gap was reduced by over \$19 million. The State has since reviewed the Alaska Public School Funding Program and it has been determined that an adjustment could be made to the base student allocation. Since the Governor chose to honor his original total dollar amount increase to K-12 education, another proposal was introduced into the legislature by the Governor in January to increase slightly the base student allocation which will provide another \$731,000 for the District. The updated proposal increases the student base allocation an additional \$11 (from \$4,869 to \$4,880). The School Board and the Administration appreciate the Governor's recognition of the need

for increased K-12 education funding, and the additional need to mitigate the extraordinary increases in Public Employees Retirement System (PERS) and Teachers Retirement System (TRS) employer contributions. The District appreciates the prominent placement of early and increased K-12 education funding on the Governor's legislative agenda. Hopefully, during the current legislative session, the Legislature will continue to advocate for all of the students in our communities with early approval of the Governor's educational funding package and also advocate for additional increases in revenues supporting public education to ensure solid education programs continue which are very important in increasing student achievement and performance.

This Program is expected to provide approximately 56 percent of the District's General Fund revenues. The Governor's educational funding proposal to increase the amount to \$4,880 (an increase of \$304 over FY 2004-2005) and continuation of the Quality School Grant at \$16 per pupil, provides for more State revenues for FY 2005-2006. Based on current enrollment projections, the amount of funding for FY 2005-2006 is \$243.164 million, which is \$13.787 million more than the current FY 2004-2005 budget. Three other factors also impact the projected level of funding: (1) lower anticipated enrollment, (49,499 budgeted for FY 2004-2005 and 49,289 projected for FY 2005-2006); (2) a change in the State regulations of identifying Level III intensive special needs students results in a \$3.165 million loss of revenue; and (3) the \$1.4 billion increase in State assessed property valuation for the Municipality. This increase in assessed valuation results in larger required deductions causing a loss of approximately \$3.1 million in the Alaska Public School Funding formula calculation.

The Alaska Public School Funding program is based on the average daily membership (ADM)—determined by the District's enrollment and special education intensive count—processed through a school size factor and special needs formulae to establish the District's "basic need." The required local share and a percentage of the Federal Impact Aid funding that the District receives for Federally-connected students is then subtracted from the "basic need" to determine revenue. The Alaska Public School Funding formula defines the required local share as being the lesser of 45 percent of "basic need" or 4 mills times one-half of the annual increase in assessed valuation compared to the 1999 base year of total State assessed full and true valuation of local real estate, inventory and other taxed personal property for the second preceding year, added to the prior year's calculated assessed valuation. **An increase to the assessed valuation reduces the potential amount of Public School Funding revenue.** The Alaska Department of Community and Economic Development has notified the District that the assessed valuation for Anchorage has increased from \$21.215 billion to \$22.651 billion.

Local Property Taxes—Local property tax contribution is the District's second largest General Fund revenue source. **Projected local property tax revenue for FY 2005-2006 is based on requesting the full amount of taxes available under the local property tax limitation.** The local property tax limitation provides for an annual adjustment for inflation, five-year Anchorage population change, operation and maintenance on new voter-approved facilities and new construction.

The projected inflation rate used for planning purposes is 2.80 percent. This preliminary estimate is the rate being used by both the District and the Municipality of Anchorage in the property tax limitation calculations. The official Consumer Price Index will not be available until February 2005. As determined by the State Department of Community and Regional Affairs, the five-year Anchorage municipal population change used for planning purposes is 1.16 percent. The official percentage growth is not yet available. The projected combined rate of 3.96 percent for FY 2005-2006 is .10 percent more than the current rate of 3.86 percent for FY 2004-2005.

Included in the revenue projections are taxes associated with the opening of Eagle River High School, and the completion of Phase 2A—West Classroom Wing, Renovation/Addition at Service High School and, renovation to Chugach Optional Elementary School.

It is anticipated that these increases—and increased taxes allowed on new construction or property improvement—will increase the amount of taxes available in the General Fund by approximately \$10.76 million. However, the Anchorage Assembly must first consider and approve the District's local property tax request.

Federal Impact Aid—The revenue projection for Federal Impact Aid has been projected at 100 percent of projected entitlement, an anticipated \$12.75 million. Uncertain at this time is the scheduling of the movement of the Stryker Brigade, the formation of the new Alaska Airborne Brigade, and 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 the State has direct responsibility for—including military students and children educated at Mt. Edgecumbe—and potential formula changes, could result in fluctuations in Federal Impact Aid funding to the District. This coupled with the fluctuation from year-to-year in the number of students living on military land, which can partially result from on base/post

housing renovations, adds to the uncertainty of Federal Impact Aid revenue during the budget process.

This Program is subject to annual Congressional appropriation and should be monitored. We do not know, for example, if the District will receive prior year adjustment payments during FY 2005-2006.

Fund Balance—The District's undesignated fund balance for the General Fund is a potential one-time source of revenue. Deciding the appropriate level of fund balance required for a contingency reserve requires an exercise of judgment. Industry standards recommend undesignated fund balances or contingency reserves remain between 3 to 5 percent of the budget. The undesignated fund balance needs to be maintained to protect against shortfalls in revenue collection, to allow for adequate cash flow management, and to provide the financial ability to meet emergencies. As of June 30, 2004, the undesignated fund balance was approximately \$27.989 million.

At this time, based on guidance from the School Board in November, the Administration has included \$6.5 million of fund balance as a funding source to cover one-time expenditures to enhance programs and to increase major maintenance projects. Attachment A provides a detailed expenditure list using the \$6.5 million. Using \$6.5 million of fund balance will provide an undesignated fund balance of \$21.489 million or 5 percent of the FY 2005-2006 projected General Fund budget of \$430.2 million.

Pupil Transportation Reimbursement—The proposed FY 2005-2006 revenue projection for Pupil Transportation is based on full funding for the District using the current formula for State funding of pupil transportation including a provision for COLA.

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 course training fees, and rental fees. Based on further review of the rate adjustments, the music instrument usage fee was adjusted from \$15 to \$25 per instrument. Also included for FY 2005-2006 are increased fees for copying certain payroll items (i.e., W2 Forms). A new fee for court ordered wage processing (i.e. child support) will also be instituted. The following schedule shows the FY 2005-2006 proposal as compared to FY 2004-2005:

FY 2004-2005FY 2005-2006

Graduation Support Services	\$75 per course	No Rate Change
Summer School	\$75 per course	No Rate Change
Music Instrument Usage Fee	\$15 per instrument	\$25 per instrument
Middle Level Activity Fees	\$75 per activity	No Rate Change
High School Activity Fees	\$125 per activity	No Rate Change
High School Parking Fees	\$50 per semester	No Rate Change
Facility Rental Fees	\$552,500	No Rate Change
Family Cap for Activity Fees	\$300	No Cap Change
Court Ordered Wage Processing Fees	-0-	\$5.00/request
Special Services to Employees (Payroll Related)	-0-	\$15.00/request

Later this spring the Administration will be establishing a Rentals Budget Review Team. This review team will gather pertinent information that will help analyze how to better structure the fee schedule in order to optimize revenues for community usage of District facilities.

Medicaid – Based on FY 2003-2004 actual revenues and current year projections, it is estimated that the District will receive approximately \$1,100,000 in Medicaid funding based on information from the Alaska Department of Education and Early Development (DEED).

E-Rate – The United States Senate passed a bill (H.R. 5419) to grant the Universal Service Fund a one year exemption (through December 31, 2005) from the accounting provisions of the Anti-Deficiency Act. This has resulted in the reinstatement of Funding Commitment Decision Letters for the 2004-2005 fiscal year. The Schools and Library Division of the Universal Service Administrative Company has notified the District that a Funding Commitment Letter was issued and that Anchorage School District will receive over \$1.1 million in discounts for Internet Access and Telecommunications Services for FY 2004-2005. No other significant program changes have occurred that would alter FY 2005-2006 revenue projections from the FY 2004-2005 anticipated funding level.

Expenditures

Student and program needs and a commitment to use the funds economically drive expenditure projections. Recommendations submitted from the budget review teams last year, and the suggestions received from interested community members, staff, students, and the administration through community forums and the ASD website, were considered and incorporated into the budget where appropriate always keeping in mind the District's core focus of providing educational services and the Six-Year Instructional Plan. **Both revenue enhancements and expenditure reductions were incorporated to bring the**

budget into balance. The major changes in budgeted expenditures between FY 2005-2006 and FY 2004-2005 are included in Attachment D.

Additional Programs/Enhancements—At the School Board Work Session in November the School Board requested the Administration look at using \$6.5 million of fund balance for one-time expenditures such as critical need maintenance projects, District-wide technology and classroom technology enhancements. Attachment A provides a description of \$6.5 million of one-time expenditures that will enhance departments across the District.

Salaries and Benefits—Employee salaries, wages, and benefits are projected to be approximately 85 percent of the operating cost of the District. The projections include consideration for contract negotiations for Maintenance (Teamsters Local 959), Anchorage Education Association (AEA), and compensation consideration for Exempt personnel. Depending upon the settlement parameters defined by the School Board for collective bargaining for these contracts, the total revenue needed to support the programmatic assumptions discussed herein may be revised. Compensation provisions for settled contracts have been included in the projections. Funding for mandatory retirement increases for certificated retirement (16 percent to 21 percent) and classified retirement (14.25 percent to 19.25 percent), and payroll tax adjustments known at this time are also included in the expenditure projections.

Average Teacher Salary—Contributing factors that determined the average teacher salary used included projections of current staff step increases, historical information of educational attainment, employee layoffs, projected turnover and vacancies at any given time.

Staffing—Staffing requirements have been adjusted based on the official projections set forth for September 30, 2005. Official projections are based on actual enrollment as of September 30, 2004. With the opening of Eagle Academy Charter School (an elementary school site) and the requested increase in enrollment at Aquarian Charter School, the Elementary Division is experiencing a decline in the enrollment projections. With the decline in enrollment projections at the elementary level, the elementary staffing has also been reduced.

Certificated Teaching Positions—In order to bring expenditures in balance with projected revenues, it was necessary to increase class size by .25 PTR (pupil to classroom teacher staff ratio) in all grade levels (reduction of 20 FTE teaching positions). Adjustments have been included for staffing based on enrollment changes (reduction of 21.5 FTE teaching positions), program realignment, and for staff requirements based on rural-urban transitioning and immigration from

other countries that provides the District with a wealth of opportunities with 95 languages spoken in the Anchorage Schools other than English.

	<u>FY 2004-2005</u>	<u>FY 2005-2006</u>
Kindergarten (FTE)	20.5 to 1	20.75 to 1
Grade 1	21 to 1	21.25 to 1
Grades 2-3	24 to 1	24.25 to 1
Grades 4-6	27 to 1	27.25 to 1
Grades 7-8	25.54 to 1	25.79 to 1
Grades 9-12	27.08 to 1	27.33 to 1
Special Education	Staffing is based upon demonstrated need and program	Staffing is based upon demonstrated need and program (consistent with current year)

Indirect Cost—In addition to charging eligible grants, the Administration plans to continue the practice put in place for charging the Food Service Fund at the State approved indirect cost rate. This more accurately reflects the cost of services provided to the Food Service Fund by various departments budgeted in the General Fund. The indirect cost rate is anticipated to change from 4.38 to 4.87 percent. It is anticipated that by early spring 2005 the District will be appraised of the approved indirect cost rate for FY 2005-2006.

Contracted Services—When appropriate, an inflationary adjustment to contracts were made. A very close review of actual contracted services determined if inflationary increases were warranted. If other known rate increases were warranted, they were included in the budget. Utilities are budgeted based on analysis of usage and cost saving measures being taken, and are then adjusted according to projected rate increases and/or decreases as announced by the utility agencies. With rate adjustments and review of actual expenditures, 3 percent to 10 percent increases for the utilities were projected. The utility increases also include the opening of the Eagle River High School.

Other increases to contracted services include items on the \$6.5 million one-time expenditure list. Major items are the upgrade of IFAS to the 7i version (\$1.0 million), a new student records management system (\$1.2 million) and a document management system (\$825,000). See Attachment A for the complete listing.

Pupil Transportation—Contracted pupil transportation routes for FY 2005-2006 include an estimated increase based on COLA of 2.8 percent.

Major Maintenance—The Administration recommends maintaining the funding level for major maintenance projects of \$2.491 million for some of the District's more than 93 school facilities. In addition to maintaining the current

funding level, \$250,000 has been included for a radio repeater systems for Safety Resource Officers (SRO), Security Specialists and Emergency Preparedness at Chugiak High School, as well as an additional \$407,785 included on the one-time identification list using the \$6.5 million of fund balance. (See Attachment A for projects.) As our facilities continue to age, preventative maintenance must take place on a regular basis to keep the buildings in good repair for optimum safety and efficiency. The community has voiced strong support for prioritizing this use of funds.

Supplies—In general, the supply budgets have been reduced. **Most departments reduced their supply budgets by a minimum of 10 percent.** Some departments, however, may show an increase in supplies based on departmental need to service the total District program requirements (i.e., fuel requirement to run District buses and vehicles). **The current projections also include a 10 percent reduction to the school supply and equipment per pupil allocation compared to the current year.** For the first year of opening, Eagle River High School was given a triple allocation to support start-up costs that are not eligible to be charged to the construction funds.

Out of the \$6.5 million one-time expenditure funds, \$1,142,514 has been earmarked for supplies such as Calculus books, 7th and 8th grade Social Studies textbooks and materials, testing materials and other various supplies. See Attachment A for the complete listing.

Equipment—Included in these projections are equipment (\$499,990) and vehicle (\$535,000) items listed on the one-time identification list using the \$6.5 million of fund balance. (See Attachment A for equipment and vehicle items.) In general however, replacement equipment purchases between \$5,000 and \$50,000 will be purchased from the Equipment Replacement Fund.

New School and Additions—Included in our expenditure projections are costs associated with the opening of Eagle River High School and completion of Phase 2A—West Classroom Wing, Renovation/Addition at Service High School, and renovation of Chugach Optional Elementary School.

Charter Schools—Two applications for new charter schools, Winterberry Charter School (Waldorf inspired) and The Master's Preparatory Leadership Academy Charter School, were brought before the School Board for consideration. The School Board approved the Winterberry Charter School and it will be under consideration by the State at its March meeting. If approved, we will make adjustments accordingly. Village Charter School is not included in the projections due to closure on January 15, 2005. Included however, for FY 2005-2006 is the recently State-approved Eagle Academy Charter School.

Major Expenditure Reductions—The major program reductions/eliminations and the positions that were required to be eliminated in the FY 2005-2006 budget in order to bring expenditures in balance with projected revenues are as follows. (See Attachment D for expenditure reductions.)

- Increase class size by .25 students in all grade levels (20 FTE) (\$1,376,000)
- Eliminate 1 high school/alternative school Assistant Principal (\$85,000)
- Eliminate 2 elementary level Assistant Principals (\$168,400)
- Reduce departmental supply accounts by a minimum of ten percent and the per pupil supply/equipment allocation by ten percent (\$825,000)
- Reduce high school pupil activity expenses (\$29,000)
- Reduce funding for Paideia program (\$40,000)
- Reduce funding for Schools of Choice (\$25,000)
- Reduce funding for Graduation Support Services (\$59,200)
- Addenda for Drug/Alcohol Case Management (\$18,800)
- Reduce funding for reading materials associated with reading initiatives (\$226,000)
- Reduced training for Culturally Responsive Schools (\$100,000)

Other Expenditure Reductions—Other cost saving program reductions and positions that were eliminated in the FY 2005-2006 budget are as follows:

- Eliminate Community Education Director position (\$97,700)
- Alaska Studies Textbooks (\$380,000) (Books have been purchased)
- Emergency Shelter Supplies (\$338,500) (Prior funding sufficient to cover shelter supplies)
- R.O.T.C. Instructors (\$132,800) (The student participation level in the program does not require staff)

Position Increases—The following positions have been added outside of direct classroom support and those that were added due to the opening of Eagle River High School and the addition/renovation to Service High and Chugach Optional Schools, to provide better service to the community:

- School Board Clerk .625 FTE (\$38,800)
- Customer Service Desk Clerk 1 FTE at Boniface Center (\$38,100)
- Discretionary Grant Coordinator 1 FTE (\$83,200)
- Testing Coordinator 1 FTE (\$91,000)

OTHER FUNDS

Food Service Fund—This fund is used to budget and account for operations of the Student Nutrition Program. The budget for this fund covers both the direct

and indirect cost of providing meals to students. These costs include all payroll costs, including increased hours for staff, food costs, the cost of support services, equipment repair and replacement costs, and overhead charges. The FY 2005 -2006 budget has been increased from \$13.785 to \$14.516 million to accommodate the opening of Eagle River High School, employee negotiated contracts, the mandated classified retirement increase from 14.25 percent to 19.25 percent, and upward movement in food costs.

The revenue sources for the Food Service Fund budget include revenue from meal sales, Federal reimbursement for meals served, and the undesignated fund balance. This budget projects increases in meal sales and reimbursement revenue.

The Administration is recommending the use of the Food Service Fund fund balance for the FY 2005-2006 Food Service Fund budget. The undesignated fund balance for the Food Service Fund as of June 30, 2004 was approximately \$1.278 million. Use of the undesignated fund balance of \$369,413 is being recommended to support the FY 2005-2006 Food Service Fund budget. This will leave an approximate amount of \$908,000, which is 6.26 percent of the FY 2005-2006 Food Service Fund budget as presented in this memorandum. **These projections reflect a 10-cent increase in elementary and middle school breakfast and lunch full price meals.** It is projected that no local tax support will be required for the Food Service Fund in FY 2005-2006.

Debt Service Fund—This fund is used to budget and account for principal and interest payments on existing school bonds as well as the revenues necessary to fund these expenditures. Some of the District's bonds receive State debt reimbursement, which varies depending on the year in which the bond proposition was approved. Due to savings incurred from the sale of new bonds at lower than anticipated interest rates, refinancing outstanding bonds, and receiving additional State revenues in the current year, the District is able to use accumulated fund balance as a revenue source, thereby reducing the amount being requested for local taxes. **Included in these projections is a proposed future bond sale in March 2005, of \$63.850 million of authorized unsold bonds. The projections included in the memorandum have been revised as of January 28, 2005 to reflect updated projected bond sale information provided by the Municipality of Anchorage. The Debt Service Fund for FY 2005-2006 is now projected to be \$76.9 million, down from preliminary projection of \$77.4 million.**

The April 2005 Municipal Election will not include any District bond proposals.

Local / State / Federal Projects Fund—Expenditures in the Local/State/Federal Projects Fund are offset by matching revenues. The District continues to be successful in 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 federal and State annual appropriations. It is projected that budgets for FY 2005-2006 grants may increase approximately \$3.5 million based on current year receipts and further discussion with grant writers.

FISCAL YEAR BUDGET COMPARISON

The following schedule compares by fund the FY 2005-2006 projected revenue/expenditures with those currently approved for FY 2004-2005. At this time, unknowns still remain such as contract negotiations and mandated services that may require funding.

<u>REVENUE/EXPENDITURE BUDGETS</u>			
<u>Fund</u>	<u>Revised Budget FY 2004-2005</u>	<u>Proposed Budget FY 2005-2006</u>	<u>% Over /(Under) Prior Year</u>
General	\$ 398,107,237	\$ 430,200,000	8.06%
Food Service	13,785,312	14,515,771	5.30%
Debt Service	69,568,617	76,859,744	10.48%
Local/State/Federal Projects	<u>44,500,000</u>	<u>48,000,000</u>	7.87%
All Funds	<u>\$525,961,166</u>	<u>\$ 569,575,515</u>	8.29%
TAXES			
	<u>Revised FY 2004-2005</u>	<u>Proposed Budget FY 2005-2006</u>	<u>Increase</u>
General Fund	\$133,412,722	\$144,169,454	\$10,756,732
Debt Service	<u>30,090,600</u>	<u>34,765,089</u>	<u>4,674,489</u>
All Funds	<u>\$163,503,322</u>	<u>\$178,934,543</u>	<u>\$15,431,221</u>

STUDENT ENROLLMENT PROJECTIONS

	FY 2004-2005 Actuals <u>Sept. 30, 2004</u>	FY 2005-2006 Projected <u>Sept. 30, 2005</u>	Change Over Prior <u>Year's Actual</u>
Enrollment	49,454	49,289	(165)
Full Time Equivalent (FTE)	49,239	49,071	(168)

In preparing the FY 2005-2006 Proposed Financial Plan, many budget development uncertainties still face the District.

- School Board areas of interest
- Community, staff, and students recommendations including last year's budget review team recommendations
- Projected enrollment
- FY 2005-2006 – Contract negotiations for Maintenance (Teamsters Local 959), AEA (Anchorage Education Association) and consideration for Exempt personnel
- ESEA-No Child Left Behind requirements
- Further evaluation of current/new fees
- Six-Year Instructional Plan
- Assessment/Testing Impact
- State of Alaska Quality Schools Initiative
- Implement Technology Plan
- Scheduling of the movement of the Stryker Brigade; formation of Alaska Airborne Brigade; deployment of military personnel
- CPI and 5-year average population growth used for local tax limitation not finalized until February 2005
- New construction and assessed valuation used for local tax limitation not finalized until March/April 2005
- Federal Impact Aid subject to annual appropriation
- Legislative action
- State approval of a new charter school

SUMMARY

Our assumptions in preparing the FY 2005-2006 Proposed Financial Plan are based on, but not limited to, the following criteria:

- Alaska Public School Funding Program – Implemented the Governor's increase from \$4,576 to \$4,880, a \$304 increase
- Balanced budget for presentation to the Anchorage Assembly – Expenditures equal Revenues

- Local Property Taxes – Full amount available under the property tax limitation
- Use of Fund Balance \$6.5 million as a revenue source for one-time expenditures – the undesignated fund balance as of June 30, 2004 was \$27.989 million. Using \$6.5 million will bring the undesignated fund balance to \$21.489 or 5 percent of \$430.2 million
- Quality Schools Grant – no increase to per pupil amount of \$16
- State Pupil Transportation Reimbursement – Current State formula which includes a provision for COLA

Attachments

CC/JS/MSL

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

Anchorage School District
Anchorage Alaska
FY 2005-2006 One-Time Expenditure Identification Plan

Account Key (6 Digit)	Department Name	Object Code	Description of One-Time Expenditure	One-Time Amount
101301	Risk Management	5440	Initial Ergonomics Program Equipment	\$ 50,000
101602	Human Resources	3010	Additional recruitment for diversity and hard to fill areas	25,000
149901	Elementary Education	3980	Purchase 5 site licenses for Fast Forward	297,711
149901	Elementary Education	3980	Purchase core literacy curriculum for 10 elementary schools	277,000
149901	Elementary Education	3980	Implement core literacy curriculum in 8-10 elementary schools K-3	80,000
179901	Middle Level	3980	Additional Fast Forward license	50,000
179901	Middle Level	3980	Middle School Training - Aggressors, Victims and Bystanders	10,000
103601	Curriculum & Instructional Support	1350/2000	Added Days - Culturally Responsive Training for Middle and High School teachers	130,000
103606	Curriculum & Instructional Support	4040	Teaching Supplies	16,489
103607	Curriculum & Instructional Support	4010	Laminate for all GBS student issues K-6	41,000
103611	Curriculum & Instructional Support	4020	AP Calculus Books	53,475
103611	Curriculum & Instructional Support	4020	Precalculus Books	111,550
103617	Curriculum & Instructional Support	4020	7th grade Social Studies textbooks and supplemental materials	400,000
103617	Curriculum & Instructional Support	4020	8th grade Social Studies textbooks and supplemental materials	400,000

ATTACHMENT A

Account Key (6 Digit)	Department Name	Object Code	Description of One-Time Expenditure	One-Time Amount
103617	Curriculum & Instructional Support	4040	Maps and Globes for 20 elementary schools	50,000
103801	Assessment & Evaluation	1330/2000	Certificated Addenda for A&E trainers	10,000
103801	Assessment & Evaluation	1331/2000	Classified Addenda for A&E trainers	10,000
103801	Assessment & Evaluation	4010	Office Supplies - Surveys, Program Evaluation, and Curriculum/Instruction and Assessment Manuals	10,000
103801	Assessment & Evaluation	4040	TerraNova Booklets - Assessment Training Booklets CD Blanks - Programming and Web management software	20,000
103901	Technology/MIS	3010	Document Management System	375,000
103901	Technology/MIS	3010	Outsource Document Scanning (District Archives)	450,000
103901	Technology/MIS	3010	Upgrade of IFAS to 7i	1,000,000
103903	Technology/MIS	4040	Apple Remote Desktop Licensing for all Schools	15,000
103903	Technology/MIS	3030	New Student Records Management System	1,200,000
104302	Music-Districtwide	4040	Music Instruments for K-12 Intensive Needs and Life Skills students	25,000
104302	Music-Districtwide	5440	Portable recording instruments	9,800
104302	Music-Districtwide	5440	Music Instruments for Middle School Band & Orchestra at Romig, Wendler and Clark	30,000
104901	Publications Services	5440	Imagesetter and related software, used & reconditioned	40,000
104901	Publications Services	5410	Four Challenge Paddy Wagons (padding presses)	3,200
105001	Communications	5410	Editing Station	5,630
105001	Communications	5440	DVCAM/DV Compact Player/Recorder	1,800
105001	Communications	5440	Field Recording Equipment	1,260

ATTACHMENT A

Account Key (6 Digit)	Department Name	Object Code	Description of One-Time Expenditure	One-Time Amount
106101	Custodial Services	5410	Replace Security Patrol Vehicle	25,000
106101	Custodial Services	5410	Computers (5)	7,500
106201	Security/Emergency Preparedness	5440	Defibrillators for Elementary School Shelters	17,500
106201	Security/Emergency Preparedness	5400	Upgrade existing Camper Host electrical hookups	14,000
106201	Security/Emergency Preparedness	5400	Upgrade existing Camper Host water hookups	12,000
106201	Security/Emergency Preparedness	5440	Design, purchase, install Clark Middle School CCTV	125,000
106301	Maintenance	5440	Cargo vans (2) - \$30,000; Step van (1) - \$50,000	110,000
106301	Maintenance	5440	Pro press tool (1) - \$3,000; Jetter (1) - \$4,300; Scaffolding on wheels - \$3,000	10,300
106301	Maintenance	5410	24" Planer for East Satellite	5,000
106301	Maintenance	5440	Genie 30' lift for East Satellite	7,000
106301	Maintenance	5410	Box Van (1) - Eagle River Satellite	50,000
106301	Maintenance	5410	Pick-up (1); Cargo Van (1) - East Satellite	60,000
106301	Maintenance	5410	Step Van - Huffman Satellite (1)	50,000
106301	Maintenance	5410	Stake Bed 1 1/2 ton (1)	40,000
106301	Maintenance	5410	Flat Stake Bed 2 1/2 ton (1)	50,000
106301	Maintenance	5410	Flat Stake Bed with lift bed 2 1/2 ton (1)	55,000
106301	Maintenance	5410	Stake bed (1)	45,000
106401	Maintenance Projects	3080	Bartlett-Radio Repeater systems for SRO, Security Specialists, and Emergency Preparedness	250,000

ATTACHMENT A

Account Key (6 Digit)	Department Name	Object Code	Description of One-Time Expenditure	One-Time Amount
106401	Maintenance Projects	3080	Design Only/Fire Alarms/Multi Schools/Replace unreliable zone security systems with GE Interlogic System	100,000
106401	Maintenance Projects	3080	Operations/Electrical Service	57,785
106501	Warehouse	5410	Courier Vans (2)	50,000
108401	F/M Vehicle Maintenance	5410	Small Snow blower/Snow plow (10 x \$16,000)	160,000
TOTAL				\$ 6,500,000

Anchorage School District
Fiscal Year 2005-2006

**PROJECTED REVENUES AND EXPENDITURES SUMMARY
USING THE GOVERNOR'S FY 2006 FUNDING PROPOSAL (1)
Second Reading**

Fund	Revenues and Fund Balance				FY 2005-2006 Revenue/Source Projections	FY 2005-2006 Expenditure Projections
	Local	Other	State	Federal		
	Taxes					
General	\$ 144,169,454	\$ 10,555,000	\$ 262,225,546	\$ 13,250,000	\$ 430,200,000	\$ 430,200,000
Food Service		6,583,004		7,932,767	14,515,771	14,515,771
Debt Service (2)	34,765,089	3,678,410	38,416,245		76,859,744	76,859,744
	178,934,543	20,816,414	300,641,791	21,182,767	521,575,515	521,575,515
Local, State and Federal Projects		747,757	1,093,860	46,158,383	48,000,000	48,000,000
TOTAL	\$ 178,934,543	\$ 21,564,171	\$ 301,735,651	\$ 67,341,150	\$ 569,575,515	\$ 569,575,515
Percentage of Revenue Sources to Total Revenue Projections	31.41%	3.79%	52.98%	11.82%	100.00%	

**Computation of Total Taxes
for Calendar Year 2005**

			General Fund	Debt Service Fund
Amount required to fund second half of Adopted FY 2004-2005 Budget (3): January 1, 2005/June 30, 2005		\$163,003,322 x 50% =	\$ 66,456,361	\$ 15,045,300
Amount required to fund first half of Adopted FY 2005-2006 Budget: July 1, 2005/December 31, 2005		\$178,934,543 x 50% =	72,084,727	17,382,545
TOTAL Taxes for Calendar Year 2005			\$ 138,541,088	\$ 32,427,845
Total Taxes for Calendar Year 2005				
4) Total Taxes 2005	\$ 170,968,933	= 7.34 mills	\$ 138,541,088	\$ 32,427,845
Assessed Valuation	\$ 23,285,995,912		\$ 23,285,995,912	\$ 23,285,995,912
			5.95 mills	1.39 mills

- 1) As of January 18, 2005.
- 2) The revised Debt Service projection is based on updated bond sale information provided by the Municipality of Anchorage Office of Management and Budget on 1/28/05.
- 3) Does not include \$500,000 of assessed taxes that were returned to the Municipality of Anchorage in December, 2004.
- 4) The 2005 mill rate estimate is based on assessed valuation provided by the Municipality of Anchorage Office of Management and Budget on 1/28/05).

Anchorage School District
Fiscal Year 2005-2006

PROJECTED REVENUES SUMMARY BY FUND
FISCAL YEARS 2003-2004 TO 2005-2006
Second Reading

<u>Fund</u>	<u>FY 2003-2004 Revised</u>	<u>FY 2004-2005 Projections</u>	<u>FY 2005-2006 Projections</u>	FY 2005-2006 Change over FY 2004-2005 Revised	
				<u>Amount</u>	<u>Percent</u>
General	\$ 368,016,687	\$ 398,107,237	\$ 430,200,000	\$ 32,092,763	8.06%
Food Service	13,362,550	13,785,312	14,515,771	730,459	5.30%
Debt Service	61,908,094	69,568,617	76,859,744	7,291,127	10.48%
Local/State/ Federal Projects	41,000,000	44,500,000	48,000,000	3,500,000	7.87%
Contingency	<u>906,404 (A)</u>	<u> </u>	<u> </u>	<u> </u>	
TOTAL	\$ <u>485,193,735</u>	\$ <u>525,961,166</u>	\$ <u>569,575,515</u>	\$ <u>43,614,349</u>	8.29%
<u>Taxes</u>					
General	\$ 121,490,634	\$ 133,412,722	\$ 144,169,454	\$ 10,756,732	8.06%
Debt Service	<u>23,493,024</u>	<u>30,090,600</u>	<u>34,765,089</u>	<u>4,674,489</u>	15.53%
TOTAL	\$ <u>144,983,658</u>	\$ <u>163,503,322</u> (B)	\$ <u>178,934,543</u>	\$ <u>15,431,221</u>	9.44%

(A) An additional \$906,404 of upper limit spending authority was available if revenues were identified.

(B) Includes \$500,000 of assessed taxes that were returned to the Municipality of Anchorage in December, 2004.

Anchorage School District
REVENUE and FUND BALANCE SUMMARY BY FUND AND SOURCE
FISCAL YEARS 2003-2004 TO 2005-2006
Second Reading

	FY 2003-2004 Audited Actual	FY 2003-2004 Revised (B)	FY 2004-2005 Revised	FY 2005-2006 Projections	FY 2005-2006 Inc/(Dec) over FY 2004-2005 Revised Budget
General Fund					
Local Revenue/Fund Balance					
Local Taxes	\$ 121,490,634	\$ 121,490,634	\$ 133,412,722	\$ 144,169,454	\$ 10,756,732
Interest	539,695	1,400,000	525,000	600,000	75,000
Other Local	1,807,712	2,825,700	3,243,300	3,455,000	211,700
Fund Balance	<u>3,854,860</u>	<u>5,465,650</u>		<u>6,500,000</u>	<u>6,500,000</u>
	127,692,901	131,181,984	137,181,022	154,724,454	17,543,432
State Revenue					
Alaska Public School Funding Program	205,100,316	206,308,819	229,375,895	243,163,876	13,787,981
Pupil Transportation	17,019,454	16,237,400	17,028,333	17,009,683	(18,650)
Tuitions	680,659				-
Supplemental State Funding	<u>1,337,520</u>	<u>2,073,484</u>	<u>2,061,987</u>	<u>2,051,987</u>	<u>(10,000)</u>
	224,137,949	224,619,703	248,466,215	262,225,546	13,759,331
Federal Revenue					
Federal Impact Aid	13,347,439	11,800,000	11,900,000	12,750,000	850,000
R.O.T.C.	<u>440,445</u>	<u>415,000</u>	<u>560,000</u>	<u>500,000</u>	<u>(60,000)</u>
	<u>13,787,884</u>	<u>12,215,000</u>	<u>12,460,000</u>	<u>13,250,000</u>	<u>790,000</u>
Total General Fund	365,618,734	368,016,687	398,107,237	430,200,000	32,092,763
Food Service Fund					
Sales	5,548,578	5,959,023	6,181,387	6,213,593	32,206
Fund Balance		393,815	225,000	369,413	144,413
Federal Reimbursement	<u>7,228,153</u>	<u>7,009,712</u>	<u>7,378,925</u>	<u>7,932,765</u>	<u>553,840</u>
Total Food Service	12,776,731	13,362,550	13,785,312	14,515,771	730,459
Debt Service Fund					
Local Revenue/Fund Balance					
Local Taxes	23,493,024	23,493,024	30,090,600	34,765,089	4,674,489
Interest	26,591	15,000	15,000		(15,000)
Fund Balance	7,059,150	11,512,196	6,115,630	3,469,660	(2,645,970)
Fund Transfer	<u>777,009</u>		<u>100,539</u>	<u>208,750</u>	<u>108,211</u>
	31,355,774	35,020,220	36,321,769	38,443,499	2,121,730
State Sources					
Debt Service	<u>29,689,508</u>	<u>26,887,874</u>	<u>33,246,848</u>	<u>38,416,245</u>	<u>5,169,397</u>
	<u>29,689,508</u>	<u>26,887,874</u>	<u>33,246,848</u>	<u>38,416,245</u>	<u>5,169,397</u>
Total Debt Service	61,045,282	61,908,094	69,568,617	76,859,744	7,291,127
Local/State/Federal Projects					
Local Projects	534,234	683,225	619,271	747,757	128,486
State Projects	943,316	2,403,274	1,083,100	1,093,860	10,760
Federal Projects	<u>36,447,481</u>	<u>37,913,501</u>	<u>42,797,629</u>	<u>46,158,383</u>	<u>3,360,754</u>
Total Local/State/Federal Projects	37,925,031	41,000,000	44,500,000	48,000,000	3,500,000
Total Revenues	\$ <u>477,365,778</u>	\$ <u>484,287,331</u> (A)	\$ <u>525,961,166</u>	\$ <u>569,575,515</u>	\$ <u>43,614,349</u>
Total Expenditures	\$ <u>477,089,426</u>	\$ <u>484,287,331</u> (A)	\$ <u>525,961,166</u>	\$ <u>569,575,515</u>	\$ <u>43,614,349</u>
Total Taxes – Fiscal Year	\$ <u>144,983,658</u>	\$ <u>144,983,658</u>	\$ <u>163,503,322</u>	\$ <u>178,934,543</u>	\$ <u>15,431,221</u>

(A) An additional \$906,404 of upper limit spending authority was available if revenues were identified.

Anchorage School District
Fiscal Year 2005-2006

SCHEDULE OF GENERAL FUND REVENUES FROM LOCAL SOURCES/FUND BALANCE

Second Reading

	FY 2003-2004			
Local Sources	Audited	FY 2003-2004	FY 2004-2005	FY 2005-2006
	Actual	Revised	Revised	Projections
Municipality of Anchorage Appropriation of Taxes	\$ 121,490,634	\$ 121,490,634	\$ 133,412,722 (A)	\$ 144,169,454
<u>Other Local</u>				
Career Center Instructional Projects	72,519	77,700	81,200	81,200
Facilities Rentals (B)	412,466	435,000	552,500	572,000
Nonresident Tuition	1,075	10,000	1,000	1,000
Graduation Support Services (C)	42,937	40,000	60,000	60,000
Summer School - Elementary (D)	23,006	35,000	18,500	35,000
Summer School - Middle Level (D)	20,450	27,000	13,000	30,000
Summer School - Secondary (D)	86,854	73,000	168,000	130,000
Music Instrument Usage Fee (E)	7,047	10,000	13,800	16,500
Middle School Activity Fees (F)	140,805	130,000	205,000	210,000
High School Activity Fees (G)	359,125	330,000	510,000	550,000
High School Parking Fees (H)	117,129	105,000	215,000	225,000
Community Schools Fees (I)		65,000		
Charter School Fees	25,155	30,800	30,800	65,500
Other Fees (Training Fees, Documents) (J)	30,689	77,500	77,500	77,500
Property Sales, Insurance Proceeds, and Miscellaneous	269,438	256,500	197,000	301,300
Interest	539,695	1,375,200	525,000	600,000
E-rate (K)	199,017	1,148,000	1,100,000	1,100,000
Fund Balance	3,854,860	5,465,650		6,500,000
	<u>6,202,267</u>	<u>9,691,350</u>	<u>3,768,300</u>	<u>10,555,000</u>
TOTAL	\$ <u>127,692,901</u>	\$ <u>131,181,984</u>	\$ <u>137,181,022</u>	\$ <u>154,724,454</u>

- (A) \$500,000 of the \$1.0 million previously authorized and collected by the Municipality was given back in December, 2004.
- (B) Facilities Rentals-Projections reflect more usage with the opening of the new high school. (Rate increases instituted in FY 2004-2005)
- (C) Graduation Support Services - \$75 (\$50 in FY 2003-2004)
- (D) Summer School - \$75 per summer school session. (\$50 in FY 2003-2004)
- (E) Music Instrument Usage Fee - \$25 (\$15 for FY 2004-2005; \$10 for FY 2003-2004)
- (F) Middle School Activity Fees \$75 (\$50 in FY 2003-2004) Family Cap of \$300 (Middle and High Schools combined.)
- (G) High School Activity Fees \$125/sport (\$75 in FY 2003-2004) Family Cap of \$300 (Middle and High Schools combined.)
- (H) High School Parking Fees \$50/semester (\$25 in FY 2003-2004)
- (I) Community School Fees - No fees are projected as the Community Schools Program has been eliminated.
- (J) Training fees - \$20 per course with continuation for FY 2005-2006
- (K) 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 2005-2006

COMPUTATION OF MUNICIPAL TAX LIMITATION
Second Reading

Taxes Projected—Anchorage School District FY 2004-2005		\$	163,503,322
Less: Taxes assessed in calendar year 2004 and returned to the Municipality			500,000
Less: Prior Year Taxes Required for Debt Service			<u>30,090,600</u>
Net Taxes Approved for General Fund			132,912,722
Adjustment Factors			
Population 5 year Average	1.16 %		
CPI—Anchorage Urban	<u>2.80</u>		
	3.96 %		<u>5,263,344</u>
Basic Tax Limitation			138,176,066
<u>Plus Exclusions:</u> Taxes for Operations and Maintenance on New Voter Approved Facilities (1)			2,260,342
Taxes Requested on New Construction/Property Improvements (2)			<u>3,733,046</u>
Tax Limitation—General Fund			144,169,454
Taxes Requested for Debt Service			<u>34,765,089</u>
TAX LIMITATION FY 2005-2006			178,934,543
General Fund	144,169,454		
Debt Service Fund	<u>34,765,089</u>		
TAXES PROJECTED IN FINANCIAL PLAN—FY 2005-2006 (3)			<u>178,934,543</u>
AMOUNT (OVER) LESS THAN TAX LIMITATION		\$	<u><u>0</u></u>

- Note:
- (1) The taxes approved for debt service are for sold bonds approved by the qualified voters.
 - (2) Taxes on new construction or property improvements, excluded from the limitation the first year, are computed as follows: 7.25 mills x \$514,902,935 (estimated 2004 new construction/property improvement value verified by the Municipality of Anchorage's Office of Management and Budget) = \$3,733,046.
 - (3) The Anchorage Assembly may approve more or less taxes than this within the combined total of the tax limitations for the Municipality of Anchorage and the Anchorage School District.

Anchorage School District
Fiscal Year 2005-2006

SCHEDULE OF GENERAL FUND REVENUES FROM STATE SOURCES
Second Reading

State Sources		FY 2003-2004 Audited Actual	FY 2003-2004 Revised	FY 2004-2005 Revised	FY 2005-2006 Projections
Alaska Public School Funding Program	(A)	\$ 205,100,316	\$ 206,308,819	\$ 229,375,895	\$ 243,163,876
Pupil Transportation	(D)	17,019,454	16,237,400	17,028,333	17,009,683
Tuition	(C)	46,785			
<u>Supplemental State Funding and Grants:</u>					
On-Base Schools	(D)	408,484	408,484	408,484	408,484
McLaughlin Youth Detention Grant	(D)	471,390	625,000	413,503	413,503
Providence Heights Grant	(D)	113,913	90,000	90,000	130,000
Alaska National Guard Youth Corps	(D)	14,644	50,000	50,000	
Medicaid Reimbursement	(E)	<u>962,963</u>	<u>900,000</u>	<u>1,100,000</u>	<u>1,100,000</u>
TOTAL		\$ <u>224,137,949</u>	\$ <u>224,619,703</u>	\$ <u>248,466,215</u>	\$ <u>262,225,546</u>

Notes:

- (A) Alaska Public School Funding Program - FY 2005-2006
Implementing the Governor's Proposal as of
January 18, 2005

Basic Need Equals 66,464.41 Adjusted ADM x \$4,880 Student Allocation	\$	324,346,214
Minus 4 Mills x Foundation Defined Anchorage Assessed Valuation of \$19.156 billion		(76,624,175)
Minus Deductible Portion of Federal Impact Aid		(5,621,594)
Add \$16/ adjusted ADM for Quality Schools		<u>1,063,431</u>
Total Alaska Public School Funding Program Aid	\$	<u>243,163,876</u>

- (B) Pupil Transportation - Reimbursement estimate based on FY 2002-2003 actual expenditures/number of FY 2002-2003 actual ADM less Correspondence Programs times FY 2005-2006 estimated ADM less Correspondence Programs.
- (C) FY 2003-2004 and forward, Tuition funding eliminated by the State.
- (D) State of Alaska supplemental grant to partially fund this program; Alaska National Guard Youth Corps program is no longer a program through the Anchorage School District.
- (E) Medicaid reimbursement for indirect health services to students who are medicaid eligible in the schools.

Anchorage School District
Fiscal Year 2005-2006

SCHEDULE OF GENERAL FUND REVENUES FROM FEDERAL SOURCES
Second Reading

<u>Federal Sources</u>	FY 2003-2004 <u>Audited Actual</u>	FY 2003-2004 <u>Revised</u>	FY 2004-2005 <u>Revised</u>	FY 2005-2006 <u>Projections</u>
Federal Impact Aid (A)	\$ 13,347,439	\$ 11,800,000	\$ 11,900,000	\$ 12,750,000
R.O.T.C. (B)	<u>440,445</u>	<u>415,000</u>	<u>560,000</u>	<u>500,000</u>
TOTAL	\$ <u><u>13,787,884</u></u>	\$ <u><u>12,215,000</u></u>	\$ <u><u>12,460,000</u></u>	\$ <u><u>13,250,000</u></u>

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

(B) Revenues for FY 2005-2006 were adjusted to reflect actual receipt of revenues and adjustments made for projected R.O.T.C staffing.

Anchorage School District
Fiscal Year 2005-2006

SCHEDULE OF BOND DEBT REVENUES AND EXPENDITURES BY SOURCE
DEBT SERVICE FUND
Second Reading

REVENUES	FY 2003-2004 Audited Actual	FY 2003-2004 Revised	FY 2004-2005 Projections As of 1/24/05	FY 2005-2006 Projections (A) As of 2/02/05
<u>Local Sources</u>				
Local Taxes	\$ 23,493,024	\$ 23,493,024	\$ 30,090,600	\$ 34,765,089
Interest Earnings	26,591	15,000	15,000	
Fund Balance			6,115,630	3,469,660
Fund Transfer (B)			100,539	208,750
<u>State Sources</u>				
Debt Service	<u>29,689,508</u>	<u>26,887,874</u>	<u>33,246,848</u>	<u>38,416,245</u>
TOTAL	\$ <u>53,209,123</u>	\$ <u>50,395,898</u>	\$ <u>69,568,617</u>	\$ <u>76,859,744</u>
 EXPENDITURES				
Principal on Bonds	\$ 28,745,000	\$ 28,745,000	\$ 34,760,000	\$ 38,610,000
Interest on Bonds	32,290,960	33,148,094	34,793,617	38,234,744
Agency Fees	<u>9,322</u>	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>
TOTAL	\$ <u>61,045,282</u>	\$ <u>61,908,094</u>	\$ <u>69,568,617</u>	\$ <u>76,859,744</u>

(A) The projections include a proposed future bond sale in March 2005, of \$63.850 M of authorized unsold bonds.
The revised Debt Service projection is based on updated bond sale information provided by the Municipality on 1/28/05.

(B) Fund Transfer from General Fund is for the principal amount to be funded by State Pupil Transportation revenues for 20 buses funded by April 2002 and April 2003 Bonds.

(B) These projections do not include any ballot propositions for April 2005.

ANCHORAGE SCHOOL DISTRICT
GENERAL FUND
SUMMARY OF MAJOR BUDGETED REVENUE INCREASES/DECREASES
FY 2005-2006
SECOND READING

FY 2004-2005 Revised Revenue Budget (1/24/05) **\$ 398,107,237**

Major Budgeted Revenue Reductions:

Enrollment Reduction and qualifying Level 3 identification	(6,417,094)
JROTC	(60,000)
Alaska National Guard Youth Corps	(50,000)
Pupil Transportation	(18,650)
Summer School Fees	(4,500)
Total Major Budgeted Revenue Reductions	(6,550,244)

Adjusted Revenues After Reductions 391,556,993

Major Budgeted Revenue Increases:

Alaska Public School Funding Program (from \$4,576 to \$4,880)	20,205,075
Tax Appropriation	10,756,732
Fund Balance	6,500,000
Federal Impact Aid	850,000
Property Sales, Insurance Proceeds, and Miscellaneous	104,300
Interest	75,000
School Activity Fees	45,000
Providence Heights Grant	40,000
Charter School Fees	34,700
Facilities Rentals (Increase usage only)	19,500
High School Parking Fees (Increase usage only)	10,000
Music Instrument Usage Fee (from \$15 to \$25)	2,700
Total Major Budgeted Revenue Increases	38,643,007

FY 2005-2006 Proposed Revenue Budget **\$ 430,200,000**

Total Major Budgeted Revenue Increases/Decreases: \$ 32,092,763

ANCHORAGE SCHOOL DISTRICT
GENERAL FUND
SUMMARY OF MAJOR BUDGETED EXPENDITURE INCREASES AND REDUCTIONS
FY 2005-2006 COMPARED TO FY 2004-2005
SECOND READING

FY 2004-2005 Revised Budget (1/24/05)

398,107,237

Major Expenditure Increases & Decreases:

Districtwide

Pending Negotiations	7,901,568
Previously Settled Employee Contracts	3,121,371
Teacher's Retirement System Increase from 16% to 21%	8,866,476
Public Employee Retirement System Increase from 14.25% to 19.25%	2,995,735
Workers' Compensation and Unemployment Insurance Rate Increases	426,127
Utility Increases excluding New/Renovated Facilities	1,019,323
Legal Fees	50,000
Property Insurance excluding New/Renovated Facilities	40,000
Building Rentals previously paid by grant	44,686
Total Districtwide Increases:	24,465,286
Indirect Costs	(314,000)
Equipment Replacement Fund	(16,745)
Sick Leave Bank	(12,046)
Liability Insurance	(48,000)
Total Districtwide Decreases:	(390,791)
Total Districtwide Changes:	24,074,495

Elementary

Increase in Pupil/Teacher Ratio - 10.5 FTE	(724,563)
Elementary Classroom Teachers Based on Enrollment - 16 FTE	(1,104,096)
Assistant Principals - (2 FTE)	(168,410)
Unallocated Adjustments for Culturally Responsive Schools Training	(100,000)
Unallocated Adjustments for Reading Initiatives	(226,000)
10% Supply/Equipment Allocation/Emergency Funds	(258,425)
Renovation at Chugach Optional - O & M costs	53,113
Total Elementary Changes:	(2,528,381)

Charter Schools

Closing of Village Charter School	(1,223,164)
Opening of Eagle Academy Charter School	1,366,805
Other Charter Schools Enrollment Adjustments	1,065,607
Total Charter Changes:	1,209,248

Special Education

Extra Help Classified and Certificated, Added Duty Certificated and Classified and Added Days Certificated for Elementary, Middle and High Special Education, Speech and Language, Whaley and Mt. Iliamna	61,908
Teacher Assistants for Elementary Special Education (24 - 6 Hr TAs)	660,000
Teacher Assistants for Mt. Iliamna (22 - 6 Hr TAs)	605,000
Teacher Assistants for Alternative Career Education (2 - 6 Hr TAs)	55,000
Special Service Teachers for Deaf (2 FTE), Whaley (2 FTE), OT/PT (3 FTE), Elementary (3 FTE), Mt. Iliamna (3 FTE), High (South Anchorage and Eagle River 2 FTE), and Special Schools (Fireweed School 1 FTE)	1,138,863
Vocational Teachers for Alternative Career Education and Eagle River High Special Education (2 FTE)	140,310
Psychologist for South Anchorage - 1 FTE	70,155
Substitute Teachers Certificated and Classified for Speech/Language, OT/PT, Psychology, Blind, and High Special Education reallocated	30,814

Mileage for Mt Iliamna, Elementary and High Special Education, Special Schools and Pyschology reallocated and Activity Trips for Whaley, Middle and High Special Education	18,100
Total Special Education Increases:	2,780,150

Contracted Services - Instruction for Special Schools	(19,000)
10% Supply/Equipment Allocation	(48,933)
Total Special Education Decreases:	(67,933)
Total Special Education Changes:	2,712,217

Bilingual and Gifted Education

Bilingual Special Service Teachers (2 FTE) and Teacher Assistants (2 - 7 Hr TAs)	204,233
Bilingual 10% Supply/Equipment Allocation	(4,625)
Gifted 10% Supply/Equipment Allocation	(8,079)
Total Bilingual and Gifted Changes:	191,529

Middle Schools

Full Day Kindergarten TA for Polaris - .4375 FTE	11,201
Substitute Teachers	176,638
Total Middle School Increases	187,839

Increase in Pupil/Teacher Ratio - 3.0 FTE	(205,848)
Secondary Classroom Teachers Based on Enrollment -15 FTE	(1,029,240)
10% Supply/Equipment Allocation	(81,079)
Reading Textbooks	(14,000)
Total Middle School Decreases:	(1,330,167)
Total Middle School Changes:	(1,142,328)

High Schools

Secondary Classroom Teachers Based on Enrollment - 9.5 FTE	685,093
Eagle River High School Opening - O & M costs	2,615,006
Eagle River First Year Extra Supply and Pupil Activities Allocation	234,160
Service High School Renovations - O & M costs	80,142
Substitute Teachers	359,502
Total High School Increases	3,973,903

Increase in Pupil/Teacher Ratio - 6.5 FTE	(446,004)
Assistant Principal - 1 FTE	(84,670)
10% Supply/Equipment Allocation	(178,580)
ROTC Instructors at Bartlett and West - 2 FTE	(132,812)
Extra Help During Construction/Renovations at High Schools	(70,607)
Contracted Services Instruction for Paideia	(40,000)
Contracted Services Instruction for Drugs and Alcohol Case Manager Addenda	(18,800)
Contracted Services Instruction for Schools of Choice	(25,000)
Added Duty for Graduation Support Services	(59,214)
Pupil Activities (Addenda, Substitutes and Travel)	(45,600)
Total High School Decreases	(1,101,287)
Total High School Changes	2,872,616

Instructional Support

Discretionary Grant Coordinator - 1 FTE	83,240
Districtwide Music Extra Help, Added Duty,.5 FTE Teacher for Eagle River, Supplies and Equipment	39,097
Intermediate Clerk for Customer Service Desk at Boniface Center - 1 FTE	38,080

Assessment and Evaluation additional Testing Coordinator (1 FTE) and reclassification for Director of Testing	111,930
Assessment and Evaluation Added Duty Classified and Certificated	18,964
Total Instructional Support Increases:	291,311

Curriculum and Instructional Services Alaska Studies Textbooks and On-line Course	(381,000)
Curriculum and Instructional Services Contracted Services and Unallocated Adjustments reallocated to Added Days, Added Duty, Extra Help, Substitute Teachers, Supplies and Equipment	(44,593)
Training and Professional Development Extra Help, Added Duty, Added Days, Substitute Teachers, Instruction Contracts and Equipment reallocated	(32,161)
Assessment and Evaluation Supplies/Contracts	(33,177)
Districtwide Art Extra Help, Added Duty, Contracted Services and Supplies	(5,203)
Audio-Visual Repair Tools and Equipment	(3,200)
Total Instructional Support Decreases:	(499,334)
Total Instructional Support Changes:	(208,023)

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

School Board Clerk - 1 FTE	38,800
Maintenance Extra Help Classified	10,657
Maintenance Projects - Radio Repeater System at Chugiak High School	250,000
Human Resources Added Duty Certificated for National Board Certification	86,423
Contracted Transportation	296,800
Bus Operations, Garage and Bus and F/M Vehicle Maintenance Contracted Services and Equipment	10,550
Fuel, Oil, Grease, Lube & Tires	83,731
Association Benefits Substitute Teachers	7,056
Total Administration/Support Services/Rentals,Community Resources & Community Education Increases:	784,017

Community Education Program - 1 FTE	(97,696)
Extra Help Classified, Added Duty Classified and Added Days Certificated for Administration, Maintenance, Community Resources, and Return to Work	(42,400)
Emergency Shelter Supplies	(338,526)
Registration/Membership Fees, Office, Library/AV, and Teaching Supplies and Meals and Food	(49,114)
Contracted Srvs - Admin for Training, Special Projects, Printing, Software and other contracts	(84,830)
Contracted Srvs - Instr - Superintendent and Asst Superintendent Support of School Board Goals	(9,900)
Technology/MIS Contracted Services Admin for Software Licenses/Support and Training	(113,937)
Custodial Supplies and Equipment	(49,973)
Maintenance Contracted Services Administration - Fire Alarm Testing	(20,000)
Maintenance Building/Grounds Supplies	(150,000)
Maintenance Equipment Rental/Repair, and Repair Parts	(32,000)
Maintenance Contracted Services for Quarterly Water Testing	(60,000)
Maintenance Contracted Services Grounds/Buildings (hydroseeding, drain connects cleaning, relocatable moves, etc)	(79,949)
Maintenance Equipment to support daily operations	(50,389)
Community Resources Scheduling Software and Laser Printer	(8,000)
Unallocated Funds for Summer School Enrichment Courses	(295,000)
Total Administration/Support Services/Rentals,Community Resources & Community Education Decreases:	(1,481,714)
Total Administration/Support Services/Rentals,Community Resources & Community Education Changes:	(697,697)

One Time Expenditures FY 2004-2005

Return Funds to Municipality of Anchorage	(500,000)
Bridging funding for Community Schools	(100,000)
Apple Software - Operating System Upgrades	(544,000)
Textbooks for South Anchorage High School	(90,000)
Elementary Supplies-"Bullying Stops Here" Curriculum for Grades K-2	(42,000)
Assessment of Implementing IFAS 7i	(75,000)
Accounting/Payroll Equipment (Check Sealers, Fax Machine, Check Printers)	(23,000)
Human Resources Contracted Services for Scanning of Existing Files	(125,000)
Maintenance Equipment - Basic Tool Sets for New Staff	(10,500)
Risk Management - Laptop	(3,200)

Warehouse - Electric Pallets Jacks	(20,000)
Security and Emergency Preparedness - UHF Radios	(50,000)
Information Technology - Equipment	(25,095)
Total One Time Expenditures FY 2004-2005:	<u>(1,607,795)</u>

One Time Expenditures from Fund Balance FY 2005-2006

One Time Expenditures for FY 2005-2006 (See Attachment A)	6,500,000
Total One Time Expenditures FY 2005-2006:	<u>6,500,000</u>

Total Major Budgeted Expenditure Increases	40,449,100
Total Major Budgeted Expenditure Reductions	<u>(9,073,219)</u>
Net Change	31,375,881
Rounding	<u>(14,118)</u>
Governor's adjusted student base allocation from \$4,869 to \$4,880	731,000
FY 2005-2006 Proposed Budget	<u><u>430,200,000</u></u>

These amounts reflect the reduction amount. To add staff back to the FY 2005-2006 Financial Plan, the amount would increase based on negotiated contract increases as well as payroll taxes and benefit rate increases.