

MINUTES OF THE ANCHORAGE SCHOOL BOARD
SPECIAL MEETING OF JANUARY 27, 2005

The Anchorage School Board met in Regular Session on Thursday, January 27, 2005, at 5:10 p.m. in the Board Room, at the Anchorage School District Administration Building. President, Tim Steele, presided.

Board Members Present: Tim Steele, Crystal Kennedy, John Steiner, Jeff Friedman, Jake Metcalfe, Macon Roberts, and Mary Marks via telephone.

Others Present: Jan Christensen, Enid Hunter, Mike Henry, Patricia McRae, Jerry Sjolander, Gail Opalinski, Eric Tollefsen, Janet Stokesbary, Marie Laule, George Vakalis, Loretta Nabong, Ray Amsden, Pam Chenier, Stan Syta, Steve Kalmes, Brent Rock, Mark Mew, Larry Petersen, Mike Klawitter, Rhonda Gardner, Michelle Egan, Larry Wiget, Brian Griggs, LTC David Jones, William Johnson, Robin Siegfried, the press, and other interested people.

- A. CALL TO ORDER, ROLL CALL, FLAG SALUTE, Tim Steele Presiding
- B. SCHOOL BOARD COMMENTS
- C. CONSENT AGENDA
 - 1. ASD Memorandum #162 – FY 2005-2006 Proposed Financial Plan (First Reading)

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 \$569,735,177. 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	77,019,406
Local/State/Federal Projects Fund	<u>48,000,000</u>
Total – All Funds	<u>\$ 569,735,177</u>

The budget overall is allowing us to maintain a number of programs and enhance some according to what the Six-Year Plan shows. Not all aspects of the Six-Year Plan are able to be funded at this time and it will have to be revised later in the year depending on how the budget comes out. The District received a lot of input from the public and employees through public forums, groups, and email. All the information from last year's Budget Review Teams was used. Community forums were held. Ms. Comeau also met with the students twice as well as different employee groups. This budget reflects the Board's desires, as well as all of the information that was possible to get from the community, employees and students.

It was not possible to fill the fiscal gap without impacting the instructional program. Everything that could be done was done to stay away from the schools as long as possible but an increase of .25 FTE across the board was recommended, increasing class size. All departments and schools decreased supplies and equipment by 10 percent. The enrollment is projected to decline by 165 students. This is the trend that we've seen in the last couple of years and is being watched very carefully. The PERS and TRS has been an ongoing challenge for all school districts in the state. The Governor's proposal addresses that. The slight increase will help but we still have a gap. The state funding will provide only 56 percent of the general fund revenue. We are very happy about the increase but need to continue to advocate for increases if we are ever going to catch up for 15 years of not having inflation-proof funding. Three major reasons that effect the funding are: a slight decrease in enrollment; change in the state regulations for identifying the level 3 intensive needs students, which results in losing \$3.165 million in funding; we have another \$1.4 million increase in the state assessed property valuation in Anchorage, but the problem with that is when the increased valuation goes up the District loses more money and for ASD it's about \$3.1 million based on the way the formula is built. As the community's increases valuation goes up the municipalities contribute more to the state so we receive less from the state. The local property tax cap revenue is based on requesting the full amount of the taxes under the property tax cap. We still will need to have a public hearing before the Assembly on March 29 and we are optimistic that they will fund us to that level but we still have work to do to educate them as to why we are looking at an increase to our budget to the level that we are.

The new Eagle River High School is opening in the fall, which was a voter approved project, so it is an increase to our debt service and operating and maintenance budget. We also have the new addition (west

wing) to Service High School and the renovation of Chugach Optional that are impacting the increase of the operations and maintenance of the budget. We are anticipating that the Impact Aid will be funded at what we are entitled to. The use of \$6.5 billion of the Fund Balance will get us back to about 5 percent of our general fund budget in our fund balance and we think this is a responsible amount. Attachment A gives a detailed list of the one-time expenditures that will be funded. We are anticipating full funding for pupil transportation based on the new way of funding from the state. We reviewed all user charges and fees. The only current fee that the Administration is recommending an increase to at this time is the instrument fee, which will be increased by \$10.00, so it will now be \$25.00 per instrument. In the payroll department, there will be a fee of \$5.00 per request for court ordered wage processing fees and a fee of \$15.00 will be charged for any other special services that are payroll related. Ms. Comeau added that the District will form a rentals department budget review team as soon as we get through this process by bringing in community users, different vendors, and people who use the facilities, as well as ASD staff, and look at the rental fee structure again. The District plans on moving towards more topical budget reviews on certain areas, because it gives good insights into a number of things.

The salaries and benefits are always a major part of the budget. About 85 percent of the District's budget is personnel costs. We are a people intensive business. We hire people to educate kids, so it takes a lot of people to do that. That is our mission and our business.

Ms. Comeau stated that people ask why we are adding more staff to the support area for teacher assistants. We must meet federal mandates under IDEA and NCLB and we also have an increasingly diverse bilingual population. As of two days ago we are now at 95 different languages. We need to make sure we have adequate support staff to assist our students and also our classroom teachers in meeting the needs of the students. We have preserved the major maintenance projects in the budget. We believe preventative and major maintenance is important to continue in our general fund because we have over 93 school facilities. Some of the equipment that is in the range of \$5,000 to \$50,000 will be able to be purchased as replacements through the Equipment Replacement fund. We do have one charter school waiting for state approval. It is called the Winterberry Charter School. The state-approved the Eagle Academy Charter School will come on line and has been incorporated in the budget.

Speakers:

Tammy Smith is ASD's lead auditorium technician, and works with a crew of three technicians. Ms. Smith commended the Board for building so many performance spaces to support the growth. There are the new auditoriums at South High School and Dimond High School, as well as new auditoriums at Bartlett and East High Schools. Service High School's new auditorium will be coming on line and Polaris will have a performance space. The old equipment from East High School will be able to be used at Polaris so that they can have performance capability. The new Muldoon Middle School will also have a performance space that is equivalent to Mirror Lake Middle School. Because of this, Ms. Smith stated that another auditorium technician is needed. By December of 2005 the District will have six auditoriums and by the following year there will be seven. Ms. Smith stated that she and her crew covered 805 rehearsals, performances and events throughout the District this year. They work varied shifts to cut down on the high overtime. The facilities are very high tech, which include expensive mixing boards and rigging and lighting systems that are difficult areas to create a totally safe environment. These facilities have a lot of inherent safety dangers and everything has been done to eliminate as much as possible. Ms. Smith stated that she and her crew have been part of the design teams and committees to make the auditoriums user-friendly facilities. They also provide help in other elementary and middle school facilities. Last year they worked over 500 hours in non high school facilities. They reused over \$42,000 of the reused equipment from Dimond, East and Bartlett and placed it in other schools. They are willing to do everything they can to keep the facilities running but they are getting very stretched. Ms. Smith asked for the Board's help for next year, if not this year.

John Steiner asked for Superintendent Comeau's response. Ms. Comeau stated that the Administration discussed this issue and decided to delay for one year. There is no doubt that there will be a need for another audio technician. The Muldoon Middle School is two years out and Service's auditorium is way out. The new position is on the list to be considered for next year.

John Steiner asked if the overtime is because of the hours the events happen or if another person would cut it. Tammy Smith responded that she does not know if it would cut down on the overtime because there will be more facilities that will be rented. Ms. Comeau mentioned that in the rentals department review we will look at who is using the facilities, are the fees reasonable, and they will also look at this issue as well. Ms.

Comeau added that she knows how hard they work and that another technician is needed in next year's budget.

Tim Steele stated that he knows that the technicians work with the students as well and asked Ms. Smith to clarify their role. Ms. Smith replied that they provide safety training, help in building their structural sets, and use of the equipment for the high school productions. They spend a good portion of their day doing instruction with the students.

Guy Okada, president of the Anchorage Principals Association stated that it is frustrating that the District must consider cutting positions in order to balance the budget and the APA is particularly concerned with the elimination of the three assistant principal positions. Cutting assistant principals compromises the safety and supervision of the schools. They are on the front lines each day to ensure the schools operate smoothly and safely. Mr. Okada added that the APA realizes that all cuts have deleterious effects and having to make such difficult choices and setting priorities is never easy. Mr. Okada added that he is not prepared to offer alternative cuts to save these positions. APA stands together with the Board to advocate for adequate funding to fulfill the mission of educating all students. The APA is actively engaged through its legislative action committee as well as on an individual basis to advocate for adequate funding for education at the state, local and federal levels. The APA collaborates with other districts and organizations in order to bring a united voice in making adequate education funding a top priority so cuts such as assistant principals do not need to happen. The APA asks the Board to reconsider the elimination of the three assistant principals in the proposed 05/06 ASD budget.

Jake Metcalfe asked Mr. Okada what type of legislative strategy the APA has for the upcoming year. Mr. Metcalfe stated that we hear a lot about resource development from the Governor and legislature and our students are probably the best resource that we have for the future. Mr. Metcalfe stated that the Board is going to Juneau and advocate for education funding because the District is getting 56 percent of the money from the state for the general fund. This puts the District into the problem of having to cut in order to maintain a balanced budget. It will help if we go to Juneau and talk about developing our students and get back at least to 0 through increased funding. Guy Okada responded that the APA has budgeted to continue that in the spring of this year again. The APA is working with other groups to have a united voice. One of the APA members is also on the national task force for No Child Left Behind. The APA members will testify at the Assembly so that the

District can go to the tax cap and they will do everything possible to support the Board.

Macon Roberts asked Mr. Okada which one would be less painful for APA - the loss of the assistant principal positions or the rise in the student count in the classroom. Guy Okada responded that both are equally challenging but as his role as APA president he would say the administrators are needed in the building to support it. The increase is small enough that it could be absorbed throughout the school, but no increase in pupil/teacher ratio is ever good for education. Mr. Roberts stated that in order to keep the increase of student count down in the classroom the Board and Administration had no other choice but to do what none of them would like to do and it was the lesser of two evils in his opinion. Mr. Okada answered that he understood that.

Jeff Friedman commented that he would rather add assistant principal positions than take them away and imagines there are several schools that need more administrators, maybe all of them. We are at the point where there are no good cuts. We reached the point where the easy cuts are made and now have gotten to the extremely painful ones. The only solution at this point is to go to Juneau together and say this is our best resource and companies will not come here and develop our natural resources unless we have a well-educated population. We need to fund this so that we can stop making these kinds of cuts that are extremely painful.

John Steiner commented that with the opening of the Eagle River High School, we are adding positions there. Mr. Steiner wondered if the cuts are a total reduction in principal force or whether it is simply not the full complement that we have had in the past. Mr. Steiner asked if we are actually increasing the total number. Carol Comeau responded that the new Eagle River High School would have two assistant principals and one principal. It is anticipated that this cut will be two elementary assistant principals, which will affect four schools because they are half time at each school. At the high school level, there will be one less high school assistant principal, but there will be an increase because of the opening of the new school. There will be no high school AP layoffs. In the case of the elementary, we know of one elementary principal retiring and depending on other situations there may be no layoffs at all and if the person was a teacher they certainly would have a job. It is a reduction in the number of positions available.

Macon Roberts commented to Mr. Okada that his earlier question was not meant in a mean spirited way. Mr. Roberts added that he would be

joining the other Board members to go to Juneau and advocate because he does understand where he is coming from and agrees with him. It is not an uncaring position that he is taking. Mr. Okada replied that he understood that. Carol Comeau reiterated to Mr. Okada that these are not easy cuts. If the District can get an increase in funding there are some we would review. However, we need everyone pulling together in Juneau so that they understand what the impact of not having adequate funding is to our schools. The principals can make their case to the legislators and state that when we have fewer administrators in the school there are other things that cannot be done. Ms. Comeau encouraged Mr. Okada to talk with Larry Wiget about strategic timelines of when to go to Juneau.

Tim Steele commented that the principals in our schools are so important to us and he appreciated the email Mr. Okada sent out asking the Board members to spend some time with them and see what they do during the day. Hopefully we will get extra funding and be able to look at these again.

Board Discussion:

John Steiner had a question relating to the math books that are among the items listed in the response to request for information memorandums #04 and #05 that are not able to be funded in the Six-Year Plan. Mr. Steiner wondered if they are to replace old books wearing out or if they are upgrades in curriculum. Mr. Steiner also asked if the calculators are needed in order to use the books. Carol Comeau responded that the District is not ready to bring forth math for middle school in this budget at this time, because there will be a different executive director for next year; we have a lot of different textbooks being used right now; we have concerns about the math achievement and have not had enough time to look at it and come forth with recommendations. Jan Christensen responded that the Administration is looking at middle school math. When responding to the question we were looking at what is actually in the plan book and we don't feel we have gone enough through the curriculum process in looking at the middle school math. Generally these would be for new adoptions - not to replace current books that we have and the calculators would be an integral part with the math adoptions. Calculators are now becoming a very integral part of mathematics. Programmatically we are not ready to adopt the program.

Crystal Kennedy wondered if any decrease in staff due to the consolidation of departments moving into the Boniface Mall is reflected in this budget. Carol Comeau responded that most of the staff will not

have been completely moved in until August so we will not see the full inter-relationship of it until school starts. In 06/07 we will look at where we can gain some efficiencies.

Mary Marks requested clarification on the added days for culturally responsive training for middle and high school students under one-time expenditures. Enid Hunter responded that the elementary division has implemented a very successful number of workshops in how to implement culturally responsive practice into instruction and we would like to build on that model to train the high school and middle school teachers.

Crystal Kennedy wondered about laminating the great body shop issues as a one-time expenditure item if the teaching manuals will not be updated. Sharon Vaissiere replied that the manuals have not been updated since adoption. Different units have been updated –possibly five or six. Ms. Vaissiere stated that she has worked out a cost and hopes that we can do that this summer in anticipation of getting the new student issues next year. Crystal Kennedy commented that if we are going to laminate the student issues we ought to have the teacher manuals updated to follow up as long as we can. Enid Hunter responded that there was discussion about what grade levels would be purchased next year and if it would be staggered. Adjustments could be made as far as what we purchase and the cycle of how often it is done to accommodate for that. Ms. Hunter agreed with Ms. Kennedy's concern that you would not want to buy new materials with old teacher instructional manuals. There is some flexibility to accommodate for that amount. Carol Comeau added that we would want to look at how much difference there would be in the teacher manual before going to the expense. They will do that assessment and give a recommendation. We need to see which grade levels we are focusing on and we will look at this again at the end of the year.

John Steiner noticed the two FTE reduction of ROTC instructors at Bartlett and West. Carol Comeau responded that there is not enough student enrollment in those two programs to justify the cost at this time. If there is an increased interest we would go back and look at reinstating them. At this time there are not enough students. They will still have ROTC programs, but will lose one instructor in each of those schools.

Jeff Friedman commented that his approach to this has been to assume that the Board members are not the budget experts. Unlike last year, he has heard very little this year from those who do know about the budget – the principals and other employees. Last year there were a lot of

comments requesting changes. Mr. Friedman added that he has not heard from who he considers the experts that this needs to be changed, so he is prepared to support it as is.

John Steiner commented that he looked at whether it appeared that the budget was designed to support the Board goals and the School District's mission, and he is very comfortable that it is the case throughout. Programs are not supported because they are favorites, being protected or added for fluff. Mr. Steiner commented that he saw student achievement needs that are driving decisions made as well as doing more maintenance for facilities and was he was pleased to see it. Mr. Steiner stated that he earlier asked the question about math because he knows that achievement at the seventh and eighth grade level in math can use a boost and he was ready to spend more of the fund balance for math books if we are ready for them, but if we are not ready for them it makes no sense to put money in the budget and asking the Administration to do a hurry-up job if we are not ready for them anyway. Mr. Steiner did not see where he would move money from one area to another or where he thought money was not being efficiently used. Even the one-time expenditures will help us be more efficient and save money in future years. Mr. Steiner is pleased that there will be an upgrade to the student information programs in technology. That will allow us to begin the process to see what programs are helping our students. Mr. Steiner also has not heard public comments suggesting that there are concerns about the way the budget has been built. Mr. Steiner appreciates the effort and will have no amendments.

Macon Roberts commended Carol Comeau for having the departments cut their budget as much as possible. Mr. Roberts mentioned that he thinks it is time, when the Board goes to Juneau, to talk about an endowment for the future. It is unfortunate that we have to do this every year and Mr. Roberts applauds the Governor for proposing a two-year budget. A permanent solution is doable and Mr. Roberts thinks it is about time for the legislators to start looking at that.

Jake Metcalfe commented that he would support the motion. The budget is appropriate but not adequate and we should not be making cuts in a time when we are facing excess funds in our state coffers. Mr. Metcalfe stated that he thinks we need to hold the Governor and legislators to their promises to adequately fund education. It is not adequate to make us have to cut principal positions. We need to tell the legislature that it is not right that the communities need to make cuts. When we have excess money like this we need to develop our most precious resource, and that is our students. We need to prepare them for success in life. That's our

mission in the school district and we can't do it by facing unfunded mandates by the federal government and budget presentations from the governor and legislature that require us to make cuts. The increases in the per student allocation is not enough. We are one of the few states that are fortunate enough to have natural resources that are filling up our coffers. Mr. Metcalfe feels it is the responsibility of the school board members to go to Juneau and demand that the legislators live up to their campaign promises. We've had to cut every year and it does not prepare our students for success in life. Mr. Metcalfe added that he would support the budget but thinks we have a long way to go.

Crystal Kennedy thanked everyone who spent so much time putting the budget together. The process is incredibly sophisticated and takes a lot of time. People have asked the questions why put funding in and why are we taking it out. It is a data driven and goal driven process. We are getting to the point where people understand what is happening in education today and that it is a huge challenge. We are trying to hit a high standard and we know exactly where we are going with that. Ms. Kennedy is supporting the budget as recommended and hopes to be able to add things back into it in the summer.

Mary Marks commented that she will support the memorandum as proposed and thanked the staff and community who called or emailed and questioned why we were cutting or adding items. Ms. Marks appreciated the Superintendent listening to the Board members and their requests. There is no such thing as good cuts. We need to put an extra effort forward in showing the legislators how our money is allocated and what we do to make sure all of our students have success in education. We will be looking at AYP again soon. Transportation costs will need to be looked at again. It is amazing how our principals are able to keep positive attitudes and encourage our teachers to make sure our students are receiving the best education and utilizing our resources within our schools. We need the extra boost for our students that our struggling so that they are achieving and moving forward. Our district is making huge strides and has come a long way. Ms. Marks appreciates the staff putting together the Six-Year Plan and using it to go over their budgets. Ms. Marks will also support the budget as proposed.

Tim Steele commended the people who put this budget together. This is a big organization and with a lot of complexity. Mr. Steele stated that the process we go through for this budget is the most transparent participatory process he has seen anywhere. It truly is an open process. Education is a unique situation. We can't increase sales to get more customers to buy our product and increase our revenue. We have to ask

the other entities to support us. The MOA has been good about it and has gone to the cap for us and will hopefully do it this time. This budget is a work in progress and a lot of unknowns will materialize over the course of the next six months. Fifty-six percent of our budget as a state funding measure is not adequate. A few years ago it was 70 percent. We will be asked why it has increased 8 percent. Educational funding is very complex and difficult to understand. But one thing that is easy to understand is that you are going to need more from the state if they give it to you with one hand and take it away with the other. The funding mechanism is such that increase on our property values cost us money from the state. That will cost us \$3.1 million. The state is cutting another \$3.1 million because of the change in interpretation on special education funding. We are also facing huge deficits on the federal level as well. Mr. Steele added that we built this budget on Governor's proposal. Our actual shortfall is \$30 million. This district does an excellent job and is making progress in increasing achievement. Mr. Steele stated that he would like to see a trend line set that increases our funding so that we start making back some of the cuts that we had over the last couple of decades. We need to start a program and start investing in our children. We have incredible employees and the Board working well together. We are in a position where we want to do more and the inadequacy of our funding is holding us back. We will be going to Juneau and we will be asking for some reasonable response to adequacy and sustainability of educational funding. Mr. Steele also liked Mr. Robert's suggestion of an educational endowment. Mr. Steele will support the recommendation.

John Steiner commented that one thing not discussed much is the fact that we have continued to grow at our high school grade level population and it is the most expensive level to teach. We decided as a community that we wanted to teach them in small buildings and it costs a little more and we don't get more per student out of the state budget formula. The budget is also increasing because of the retirement funds. We do have a six-year instructional plan that shows how we are going to progress for higher achievement. Mr. Steiner also commented that Carol Comeau has a very high repute in this community and with the Board, and when she says it is her considered judgment that this is the best way to allocate the funds that we have and it is the best way to present our educational program he has to be pretty sure that she is mistaken before he attempts to make any changes. Mr. Steiner added that he is very appreciative of the work done.

Macon Roberts commented that the state should invest in its most valuable asset - its children, especially when we live in a state with \$30 billion in reserves. If we took \$1 billion this January and put it in an

endowment and let it stay until the end of one year it would earn \$100 million at 10 percent. And that is \$100 million of this \$560 million budget just for letting it earn the interest.

VOTE:

Ayes: Metcalfe, Kennedy, Marks,
Steele, Friedman, Steiner,
Roberts

Nays: None

MOTION PASSED

Carol Comeau thanked the Board for the strong message of support for the budget. Ms. Comeau thanked the staff, students, community and employees who weighed in on it. The Board's goals, the mission, the Six-Year Instructional Plan and the strong commitment to safety and being accountable to the public is what brings us as a district, support. It is all of us continuing to do what we know is right for kids. Ms. Comeau also thanked the Budget Department, Business Management Department and all the staff that helped to bring this budget forward. Ms. Comeau stated that she thinks it is a good budget - it could be better for all the things just said, and Ms. Comeau assured everyone that if we are successful with additional resources we will be as thoughtful coming back with other recommendations as we've been to this point. Ms. Comeau thanked everyone again for their support.

D. ADJOURNMENT

The Special Meeting of January 27, 2005, was adjourned by unanimous consent, at 6:30 p.m.

Tim Steele, President

Jeff Friedman, Clerk

Robin Siegfried, Recording Secretary

Date Minutes Approved