

ANCHORAGE SCHOOL DISTRICT
ANCHORAGE, ALASKA

ASD MEMORANDUM #54 (2012-2013) *As amended and approved* November 15, 2012

TO: SCHOOL BOARD
FROM: OFFICE OF THE SUPERINTENDENT
SUBJECT: FISCAL YEAR 2013-2014 PRO FORMA FINANCIAL PLANNING

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

RECOMMENDATION:

It is the Administration's recommendation that the School Board approve and authorize the Superintendent to prepare the Anchorage School District's FY 2013-2014 Preliminary Financial Plan in accordance with the financial projections set forth in this memorandum.

The budget for FY 2013-2014 is to be established for planning purposes with projected revenues not-to-exceed \$832 million.

PERTINENT FACTS:

Introduction

This memorandum outlines the financial planning considerations that will be used to develop the FY 2013-2014 Preliminary Financial Plan.

This represents a reduction of \$10.6 million, or 1.1 percent, from the FY 2012-2013 pro forma planning memo [\$842.6 million].

The financial planning considerations outlined in this memorandum reflect the consideration of the long range revenue and expense outlook developed in *draft* Pro Forma Financial Planning Guidance memorandum presented to the Board at the early meeting on November 5th, 2012.

This includes individual fund budgets currently projected as follows:

<u>Fund</u>	(millions) FY 2013-2014 <u>Financial Plan</u>	Percent of Fund			
		Local		State	Federal
		Taxes	Other		
General	\$ 569.7	34%	1%	62%	3%
Food Service	17.7		25%		75%
Grants	<u>41.8</u>		1%	6%	93%
Operating Expenditures	629.2				
Debt Service	<u>85.2</u>	47%		53%	
Operating + Capital Expenditures	714.4				
State Retirement System On-Behalf Payments	<u>117.6</u>			100%	
Total - All Funds	\$ 832.0				
Percent of Revenue Sources to Total		28%	1%	63%	8%

Under the flat local and state revenue projection, the implementation of the federal Budget Control Act of 2011 [Sequestration + Expiration of Tax Cuts], and the historic trend line in salary, wages and other expenses, **OMB estimates that the financial gap between revenues and expenditures will grow to roughly \$140 million in six years** if current year staffing levels remain unchanged.

This memorandum presents financial planning considerations that will be used in developing the **FY 2013-2014 Preliminary Financial Plan**. In preparing the budget for the 2013-2014 fiscal year, OMB updates revenue projections and reviews the expenditure trend line if current staffing levels are maintained to assess the potential financial gap between projected revenues and trend line expenditures.

The current trend line analysis yields a financial gap of approximately \$25 million.

Key Considerations to Close the Gap

- Reduce health plan cost growth to inflation
- Adjust staffing levels to reflect long term revenue outlook while maintaining direct classroom instruction and continuing alignment with Board policy and the District Strategic Plan, Destination 2020
- Deploy fund balance for one-time strategic Board initiatives

Additional decisions incorporated inside this recommendation are specified in Appendix 1, Pro Forma Key Policy Decisions.

Health Care Benefit Cost Growth

The cost to the District for group medical insurance for the majority of its employees has increased from \$10,680 to \$16,620 per year per employee over the past five years – a compound annual growth rate of 9.2% - which is 6.8% above inflation.

On the current trend line, health plan costs are on track to reach \$28,180 per employee in six years. If all of the group health plan pools were to hold health plan cost growth at inflation, the cost per employee could be held to \$19,270 – representing a savings of \$8910 per employee. With roughly 5,200 employees covered by group health plan pools over the time period, the total savings in year six could amount to \$45 million in FY 2018-2019 and represent a cumulative savings over the next six years of \$147 million.¹

But bending the health plan cost curve to inflation will not be a trivial task and is likely to take a few years to yield savings. In the budget submission for January, the administration will present a business plan aimed at reducing health plan cost growth to inflation over the next few years. Among other things, the administration will explore opportunities to pool our health plan resources with other health plans, including the State of Alaska and other school districts, who are engaged in efforts to:

- improve the scale and efficiency of the health insurance pools
- increase focus on high value health service delivery, and
- encourage more active engagement of beneficiaries in their own health care

Finally, the administration will, in collaboration with the District’s Health Benefit Task Force, review the health plan reserves and stop loss coverage of the Anchorage School District health plan to determine whether, in light of current and future efforts to bend the health plan cost curve to inflation, there may be an opportunity to reduce reserves over time while maintaining adequate stop loss coverage, mitigating the long term financial gap.

Staffing Level Challenges In Light of Flat to Declining Revenue

Introduction

Over the prior twelve years, enrollment fell 1.5%, while the number of employees grew 12.8% [All Operating Funds: General Fund + Food Service + Grants].

Comparing the current to prior fiscal years [FY 2011-2012 to FY 2012-2013], the number of budgeted positions was reduced by 3%. General fund positions were reduced by 2%

¹ At an estimated aggregate average salary + benefit cost of \$82,190 beginning in FY 2013-2014, holding health plan cost growth to inflation amounts to a total potential savings of 1,614 employee-years, or roughly 20,000 student-years over the six year planning horizon.

while grant funded positions fell by 25% - primarily as the result of the expiration of ARRA funded positions and the wind down of the Jobs Bill support.²

Federal Funding

OMB projects that federal revenue will decline from \$91 million in FY 2011-2012 to \$70 million in FY 2013-14.³ A significant factor in the continued reduction in federal funding is the anticipated implementation under current law of the Budget Control Act of 2011 which will result in a combination of direct reductions in federal revenue, and indirect effects associated with enrollment reductions associated with declining employment.⁴

State Funding

OMB projects that state revenue will remain essentially flat from FY 2012-2013 to FY 2013-2014, the net effect of a decline in enrollment associated with federal sequestration, an offset in the state foundation formula for the anticipated loss of federal impact aid, a reduction in supplemental and discretionary grants, and an increase for inflation in the per student allocation for Transportation.⁵

Local Funding

OMB projects that, after taking into account the reduction in local funding associated with SB182, which reduces the maximum amount of local tax effort allowed under the State Public School Funding Formula by roughly \$8 million, local tax revenue will increase roughly \$0.4 million associated with prior year increases in local property valuations. Other non-tax local revenues are expected to remain flat, the net result of flat interest earnings, declines in facility rentals and activity fees, and a slight increase in e-rate reimbursements.

Combination of Federal + State + Local Revenue + Trend Growth in Salary & Benefits

The net effect of flat to declining revenue and continued growth in salary and benefits present a \$25 million financial gap in FY2013-2014.

² See page 73 and page 74 of the Comprehensive Annual Financial Report, FY ending June 30, 2012 for the relative size of the "Education Jobs Fund" and "American Recovery and Reinvestment Act (ARRA)" expenditures.

³ See Appendix 3A.

⁴ See Appendix 3A

⁵ Please note that in prior years, the Pro Forma memoranda did not include potential supplemental and discretionary grants from the Legislature. OMB has included a \$6 million placeholder based on a high level reconnaissance review of the past five years tempered by a declining revenue outlook for the State. In addition OMB is measuring the change in state revenue from the post-legislative session approved FY 2012-2013 budget to the FY 2013-2014 projection period. This subsumes a shift of approximately \$8 million in support from local taxes to the state foundation formula associated with SB182 which occurred after last year's Pro Forma memorandum was written.

Over the next six weeks, the administration will work to close that gap. The administration will endeavor to maintain direct classroom instruction to the extent possible while carefully reviewing opportunities to consolidate and realign support functions across the organization through the active management of vacancies and reductions and realignments in positions through attrition.

Pupil To Teacher Ratio

The current Board pupil to teacher ratio (PTR) guidance is projected to result in *basic* direct classroom instruction teacher FTE of 1828 which equates to roughly \$177.9 million at trend line salary and benefits.⁶

If the PTR guidance is rounded up, there are slightly more students per teacher in aggregate and, all other things being equal, fewer teachers are required to serve the same population of students. Rounding up reduces the projected expenditures by about \$4 million.

If the PTR guidance is rounded down, there are slightly fewer students per teacher in aggregate and, all other things being equal, a few more teachers are required to serve the same population of students. Rounding down increases the projected expenditures by \$2.2 million.

The administration recommends rounding down all grades to establish the new baseline PTR goal. The net result will be an increase of 14 Elementary teachers, two middle school and seven high school teachers, for a total of 1851 FTE.

Vacancy Rate & Attrition Management

In prior years, the combination of the management of the vacancy rate and reductions in staffing levels through attrition may have been able to yield on the order of \$6.3 million in salaries and benefits in what the FY 2012-2013 approved financial plan characterized as an “attrition adjustment.”

However, historic vacancy rates and the potential to reduce cost growth through attrition appear to be declining as many heretofore more transient or part-time employees are seeking and holding on to more stable employment in the face of continued reductions in federal grant funds, elimination of summer school employment, a large reduction in summer seasonal employment, and reductions in part time employment opportunities.⁷

⁶ See Appendix 4C, pages 18 & 19. Also note that the PTR guidance is a baseline teacher pool that does not include certain separate pools, including Elementary physical education, health, music, art, and world languages Teachers, and TAs and Librarians across all levels (Elementary, Middle, High, Alternative, Special and Charter).

⁷ Among other things, it may be useful to consider that while overall nonfarm wage and salary employment has been flat year over year in Alaska, seasonally adjusted construction sector employment

The administration will continue to review vacancy rates and emerging attrition opportunities and delineate the extent to which those opportunities will be used to close the \$25 million gap in FY 2013-2014.

In addition, the administration is reviewing and updating the staffing level benchmarking and organizational structure analysis initiated in the Council of Great City Schools report in June 2012 as part of the effort to streamline support functions across the organization.

The combination of management of health plan costs and reserves, vacancies, potential attrition opportunities, and streamlining of support functions across the organization may yield on the order of \$12 million in FY 2013-2014, there remains a \$12 million gap.

Fund Balance

A portion of the financial gap can be bridged using fund balance to the extent that:

- the fund balance remains adequate to sustain the District through annual cash flow cycles, which may become more uncertain with the implementation of the Budget Control Act of 2011
- the purposes to which the fund balance is deployed are limited to the one-time up-front investment portion of strategic Board initiatives

Historically, the school board has recommended a sustained level of unassigned fund balance between 3.25 and 3.5% of General Fund.

The district's unassigned fund balance for the General Fund is roughly \$23.7 million, or roughly 4% of projected annual General Fund expenditures at the trend line.

In addition to consideration of the unassigned fund balance of \$23.7 million and health insurance reserves previously mentioned, the administration will review the nature and extent of the items in the assigned fund balance of \$57.5 million to ascertain whether some of the previously assigned encumbrances within the assigned category may be reprogrammed for the one time investment for strategic board initiatives, e.g., initial investment phases of response to instruction and common core initiatives.⁸

Assuming the combination of unassigned fund balance and previously assigned fund balance encumbrances that could be reprogrammed to higher priorities might total \$28 million and the Board wishes to maintain a cap on unassigned and reprogrammable fund balance at 3.5% of total general fund expenses [\$20.8 million] in order to avoid

in Alaska fell by 15-20% year over year [U.S. Bureau of Labor Statistics, April – September 2012 vs. April – September 2011].

⁸ See p. 35 of the CAFR (FYE June 30, 2012) for a list and description of the fund balance as of June 30, 2012.

excessive under deployed financial resources, it may be prudent to consider **using up to \$7 million in fund balance for the one time up-front investment portion of strategic board initiatives supporting Destination 2020.**

After all of the foregoing considerations, the balance remaining on the fiscal gap may be on the order of \$5 million.

SUMMARY

The administration will endeavor to continue its evaluation of all programs to ensure continued alignment with the overall goals and initiatives of the school district. Our assumptions in preparing these initial FY 2013-2014 projections are based on, but not limited to, the following criteria:

- Balanced budget for presentation to the Anchorage Assembly – expenditures equal revenues
- Local property taxes – no increase in the mill rate beyond the maximum local contribution allowed under the State of Alaska Public School Funding Program
- Alaska Public School Funding Program – no change in the base student allocation of \$5,680; 20 percent special needs [list descriptors] funding factor; and 1.5 percent CTE funding
- Quality schools grant – no increase to per pupil amount of \$16
- Transportation – increase in the per pupil rate from \$449 to \$456
- State reimbursement funding for the Certificated and Classified Retirement Systems based on the Alaska Retirement Management Board rates projected by their latest Actuarial Reports [Buck Consultants, July 2012]
- Federal grant revenues will decline by roughly 8% with the implementation of the Budget Control Act of 2011 [Sequestration]
- The implementation of the Budget Control Act of 2011 [Sequestration + Expiration of Tax Cuts] will result in a net reduction of approximately 1.5% to 3.0% of State GDP over the next two to three years and is likely to result in associated reductions, with a lag, in employment and enrollment
- Continuation or expansion of programs to be funded within existing resources
- The use of up to \$7 million in fund balance will be limited to the one time up-front investments in realignment necessary to implement the strategic initiatives of the Board, e.g., Response to Instruction, Common Core and Destination 2020.

Attachments
JB/CS/MF

Prepared by: Mark Foster, Executive Director, Office of Management Budget

Approved by: Chad Stiteler, Chief Financial Officer

Appendixes

1. Pro Forma Planning Key Policy Decisions
2. Pro Forma Planning State Revenue Forecast
 - a. State of Alaska Oil Revenue Forecast
3. Pro Forma Planning Federal Revenue Forecast Budget Control Act of 2011
 - i. Federal Sequestration:
 1. Direct grant revenue: -8%
 2. Employment and gross state product: -1.5% to -3.0%
 - ii. Expiration of Tax Reductions
 1. Gross state product: -1.0%
4. Pro Forma Planning Expense Drivers
 - a. Salary & Benefits Trend Line
 - b. Staffing Levels
 - i. Trend Line
 - ii. Functional Analysis
 - iii. Draft CGCS staffing comparable quartile analysis
 - c. Pupil Teacher Ratio Guidance
 - i. Current PTR, Round Up, Round Down, Combination Options
5. Long Run Fiscal Gap
 - a. Magnitude of Challenge to Close the Emerging Gap
 - i. Expense trend line fiscal gap under Flat local + state base student allocation, federal sequestration/tax reduction expiration scenario
 - ii. Basic options to bring expense trend line down to flat revenue scenarios
 1. Build, hold, reduce
 - a. Direct classroom instruction [primarily, but not exclusively TRS]
 - b. Support functions [primarily, but not exclusively PERS]

APPENDIX 1: Pro Forma Planning Key Policy Assumptions

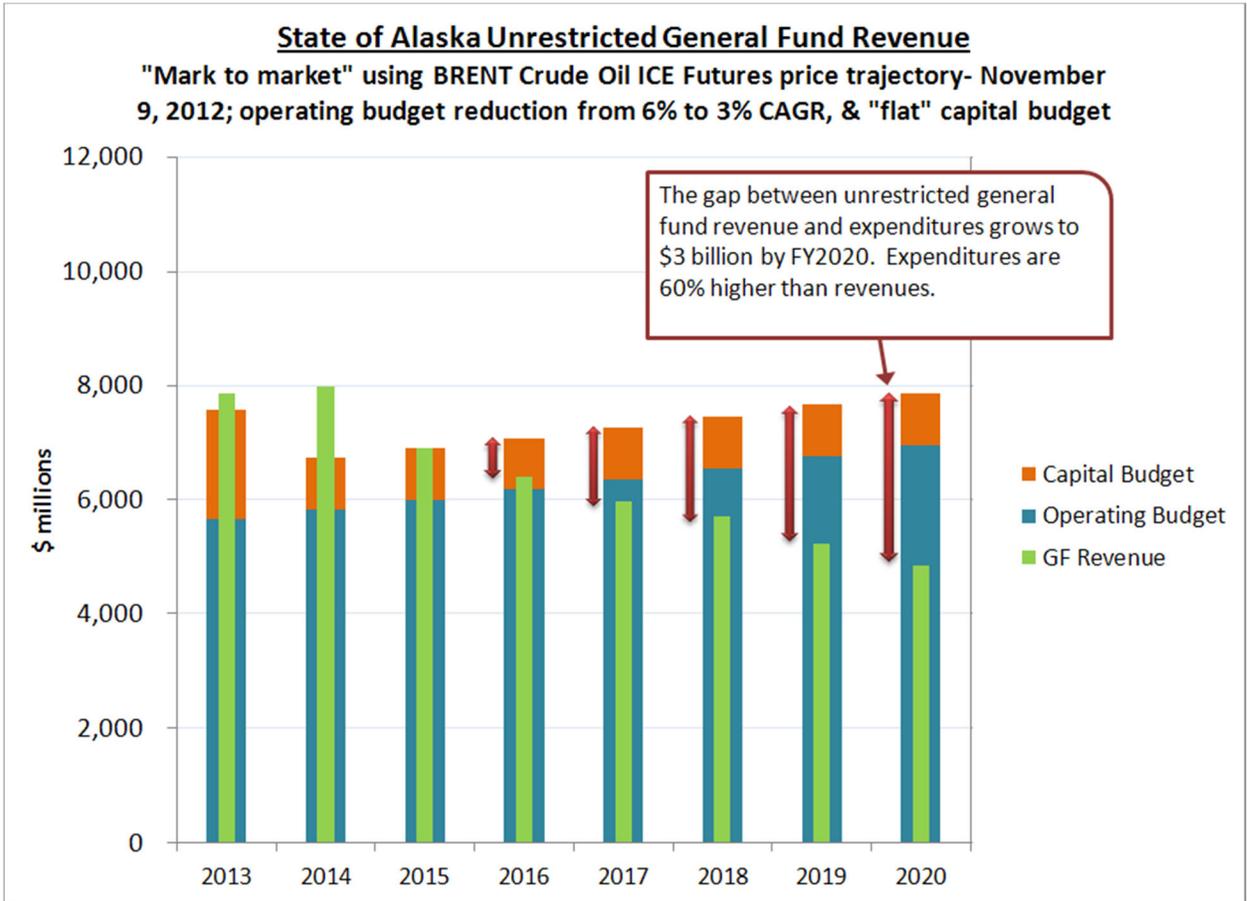
1. Federal Revenue
 - 1.1. Full implementation of Budget Control Act of 2011
 - 1.1.1. Federal Sequestration
 - 1.1.1.1. 8% reduction in federal spending
 - 1.1.1.2. 1.5% reduction in employment growing to 3%
 - 1.1.1.3. Concurrent reductions in enrollment
 - 1.1.2. Expiration of Tax Cuts
 - 1.1.2.1. \$500-\$600 million increase in taxes; ~1% reduction
 - 1.2. Monitor continuing developments for potential partial implementation
 - 1.3. Identify, on a case by case basis, potential opportunities to rebalance general fund resources to backfill the loss of federal funding, mindful of the risk that additional state and local support may be difficult to reduce if and when federal funding may be forthcoming
2. State Revenue
 - 2.1. Assume \$5680 Base Student Allocation
 - 2.2. Incorporate \$6 million state supplemental into baseline
 - 2.3. Assume enrollment declines associated with the implementation of the Budget Control Act of 2011 will begin in FY 2013-2014 and continue through following years
 - 2.4. Pupil transportation reimbursement increase of 1.5%, from \$449 to \$456 (SB182)
 - 2.5. State continues to make “on-behalf” payments for TRS and PERS retirement system liabilities, holding the percentage contribution from school districts at the same level
 - 2.6. State continues to reimburse school districts at the same level for eligible capital improvement programs
 - 2.7. State continues to provide energy efficiency grants and loans that enable school districts to make energy efficiency investments which reduce the long term exposure to increased natural gas and electricity rates
3. Local Revenue
 - 3.1. Assume reduction from prior years of approximately \$8 million associated with reduction in Maximum Allowable Local Tax Contribution under the State Public School Funding Program (SB182)
 - 3.2. Preliminary estimated **reduction in mill rate for School District** general fund and debt service **from 7.57 in current year to 7.345 in preliminary pro forma projection** for FY 2013-2014
 - 3.3. Potential reductions in local property taxes associated with implementation of Budget Control Act of 2011 on January 1, 2013 begin to roll through the economy and property tax valuations beginning in January 1, 2014 which in turn

begin to roll through the State Public School Funding Program Maximum Allowable Local Tax Contribution in FY 2015-2016

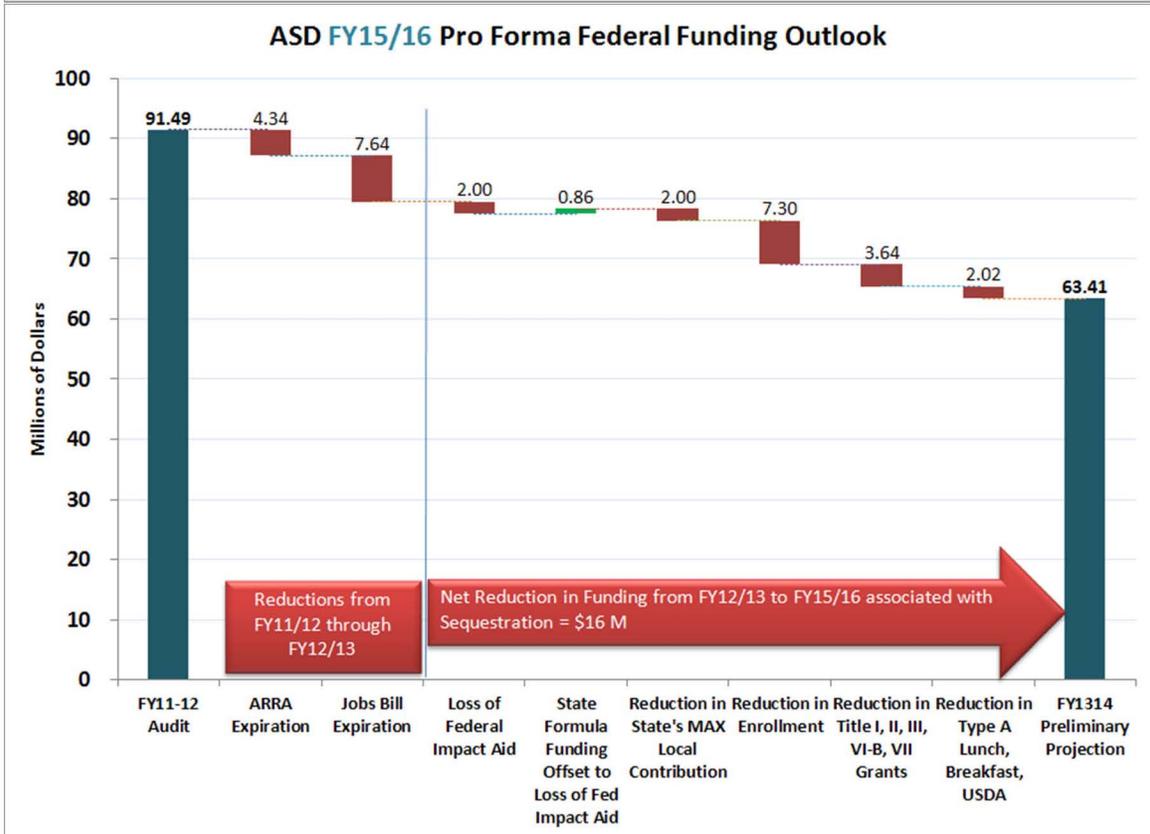
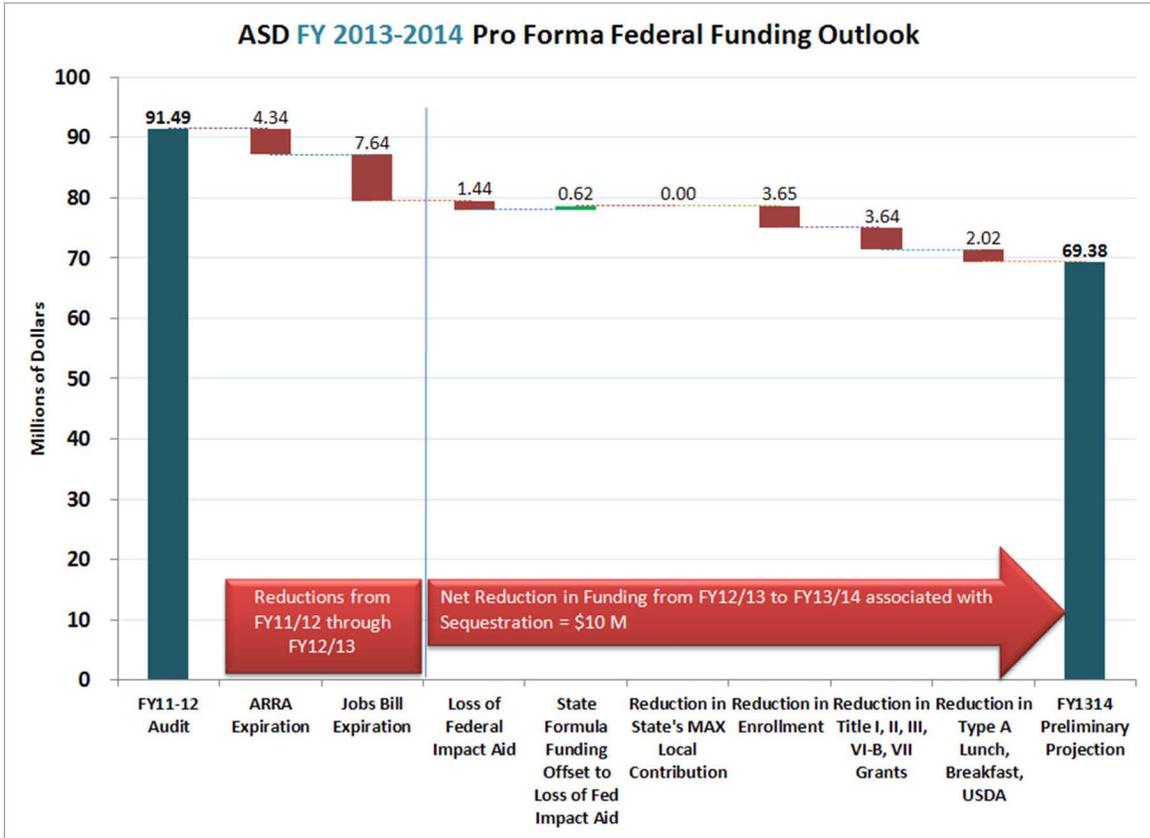
- 3.4. User fees and charges – assume programmed increases in user fees are offset in part by reductions in collections under economic distress as federal funding reductions, including the decrement associated with implementation of the Budget Control Act of 2011, roll through the economy
4. Fund Balance Target Levels
 - 4.1. Historic policy guidance has suggested the unassigned fund balance should be in the 3.5% range to provide for adequate reserves to cover short and intermediate term fluctuations in revenues and expenditures
 - 4.2. Fiscal Year End 2012 unassigned fund balance was \$23.7M on \$644M in general fund expenditures [3.7%]
 - 4.3. Fiscal Year End 2012 assigned fund balance was \$57.5M. OMB anticipates that some portion of the previously encumbered funds within those assigned categories may be reprogrammed to higher priorities.
 - 4.4. Fiscal Year End 2012 unrestricted health plan reserves were \$10.6 million. OMB and HR will review the health plan reserves in the context of the overall self-insurance plan, stop lose coverage, and plans to hold health plan inflation to
 - 4.5. The combination of the unassigned fund balance, the assigned fund balance but potentially available to be reprogrammed for the high priority strategic initial pool, health plan reserves and stop loss coverage that may be adjusted to reflect future plans, and equipment replacement fund reserves may be on the order of \$28 million. This represents over 4% of gross projected general fund expenditures in FY 2013-2014
 - 4.6. Strategic deployment of roughly \$7 million from the unassigned and potentially available for reprogramming pools would bring the potentially available for investment fund balance back down to the 3.5% range and reduce the risk of under deployed resources
 5. Fund Balance Uses
 - 5.1. The use of fund balance should be restricted to the up-front investment (not ongoing operating cost) associated with high value strategic priorities to avoid the creation of a long term program constituency who relies upon fund balance for continued operations
 - 5.2. The district is in the process of making significant investments in changed process – in direct classroom instruction, instructional support and system wide operations and administration
 - 5.3. The high priority strategic Board initiatives are the first priority for the portion of the fund balance that is available for investment, e.g., response to instruction, new common core curriculum

6. Expenditure Guidance
 - 6.1. Continue to align district resources on Board Goals and the Strategic Plan, Destination 2020
 - 6.2. Renew initiative to improve long term value of health plans; build business plan to hold annual cost growth per employee to inflation to mitigate long term layoff pressures
 - 6.3. Maintain Direct Classroom Instruction to the extent practical given financial resources available
 - 6.4. Round prior year pupil-teacher ratio guidance and provide analysis of history and outlook of class size across the district
 - 6.5. Streamline support functions to the extent practical
 - 6.5.1. Review and update the Council of Great City Schools Benchmarking Study

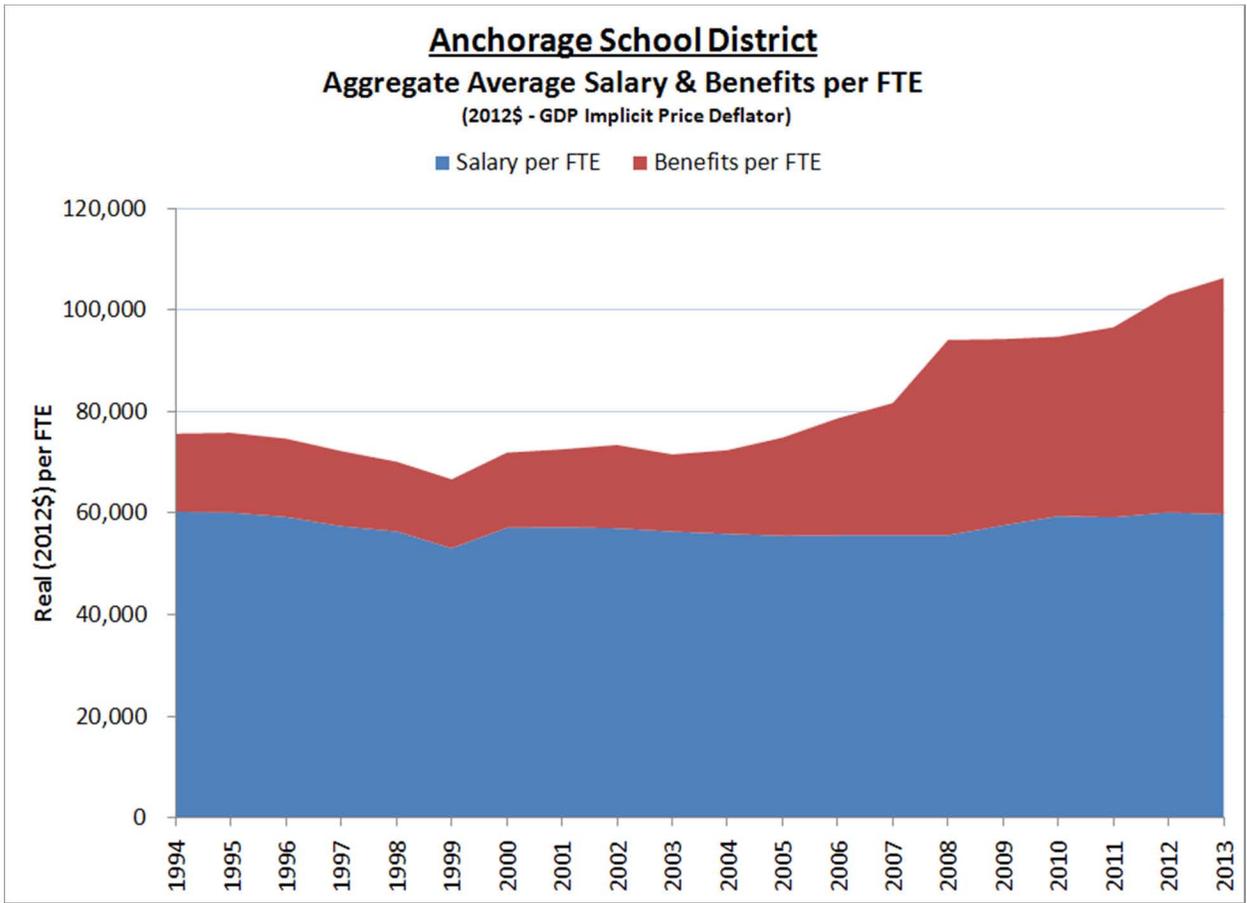
APPENDIX 2A: State of Alaska Revenue Forecast – Mark to Market illustration of State Budget Outlook Pressures



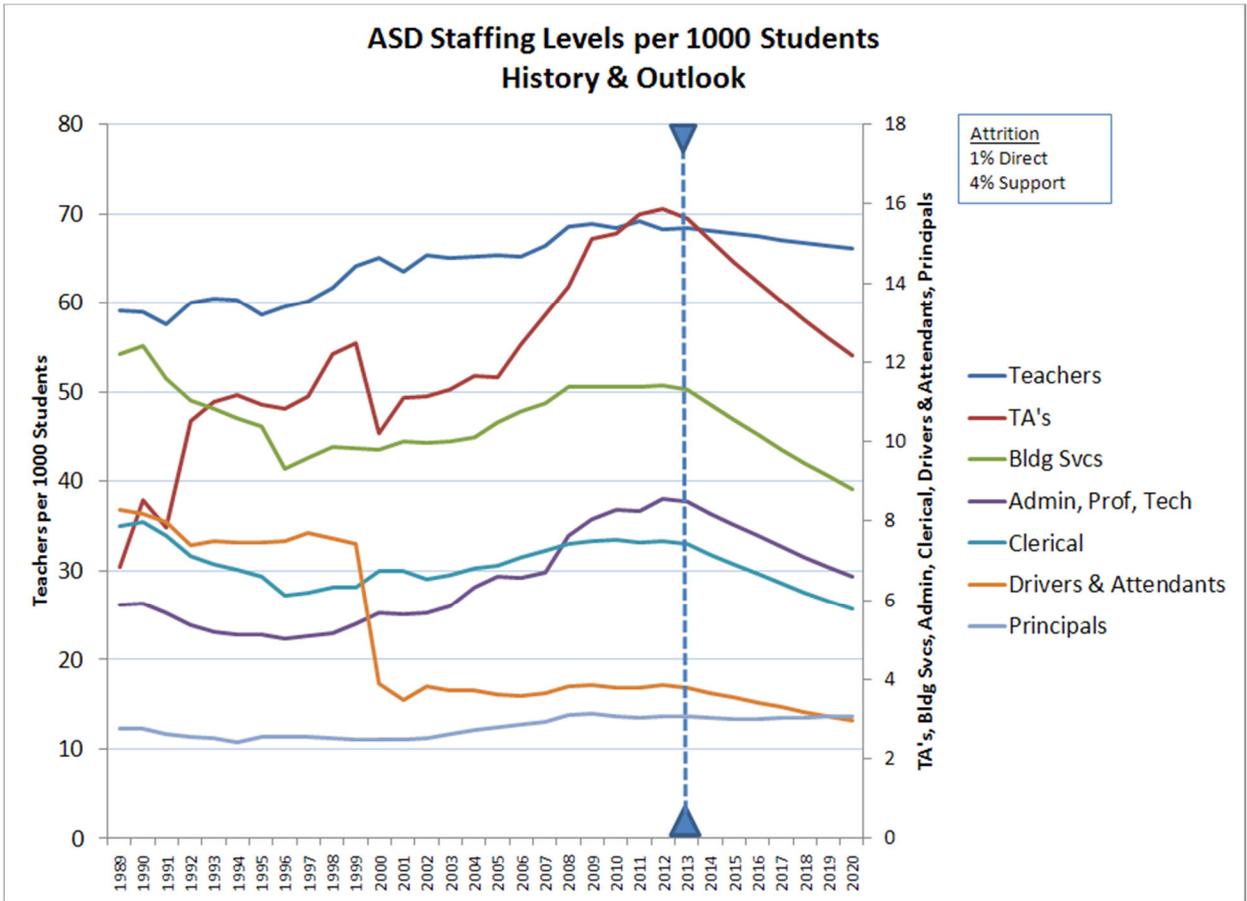
APPENDIX 3: Federal Revenue Forecast



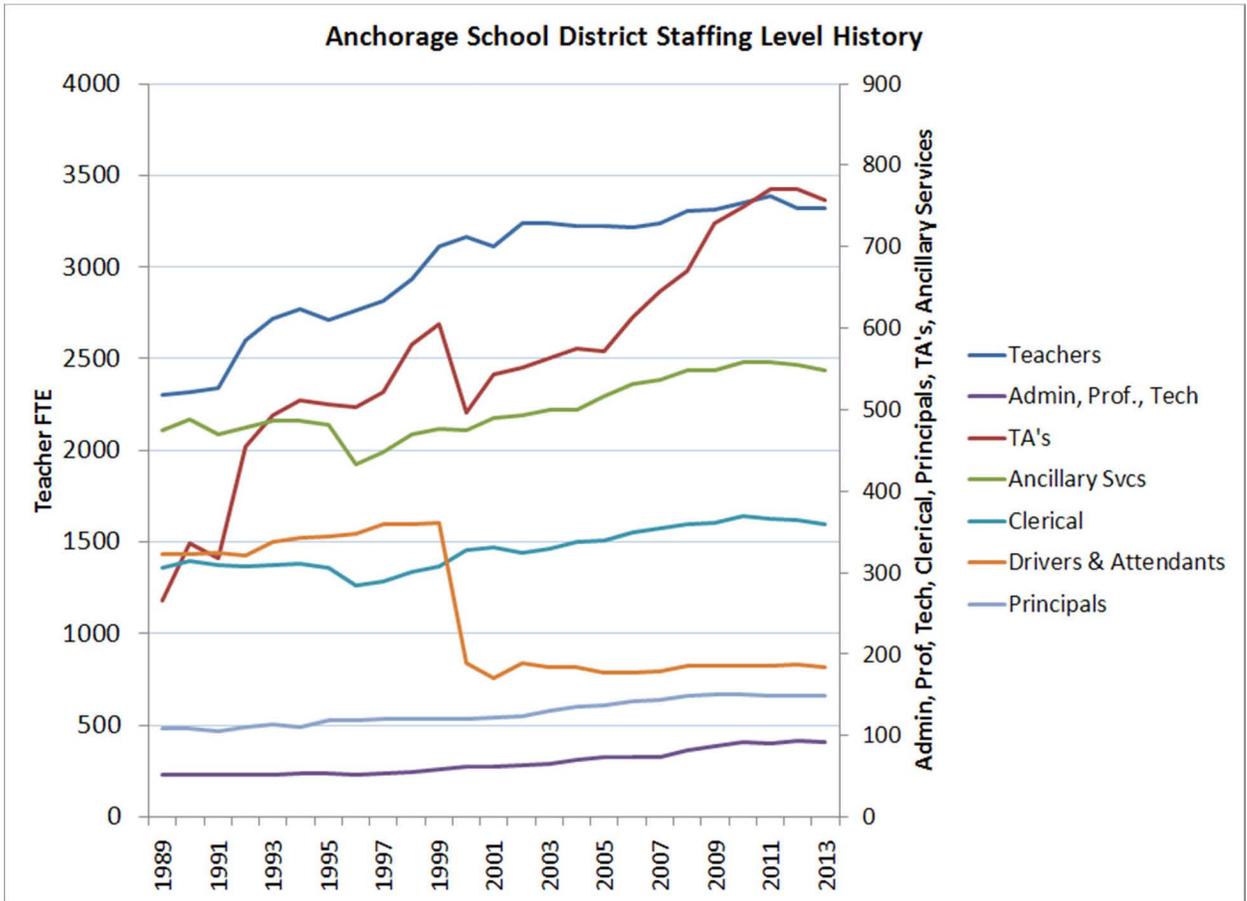
APPENDIX 4A: EXPENSE DRIVERS - SALARY & BENEFIT TREND LINE



APPENDIX 4B1: EXPENSE DRIVERS - STAFFING PER STUDENT - HISTORY & TREND LINE OUTLOOK AT 1% DIRECT/4% SUPPORT ATTRITION



APPENDIX 4B2: EXPENSE DRIVERS - STAFFING LEVELS - FUNCTIONAL ANALYSIS



APPENDIX 4B3: EXPENSE DRIVERS – STAFFING LEVELS - COMPARABLES

Draft Council of Great City Schools Report – Preliminary Comparable Data Review

	CGCS Report	Students per Staff	CGCS Report - MEDIAN ASSESSMENT			CGCS Report - TOP QUARTILE ASSESSMENT				CGCS page reference
			Peer Group Median	Target Staffing Levels	Potential ASD Adjustments to Consider	Peer Group Top Quartile	Top Quartile Target Staffing Level	Potential ASD Adjustments to Consider	Quartile Staffing Levels	
Support Staff										
Central Office Curriculum & Instruction	103	482	534	93	(10)	not provided				40
										40
HR Staffing	30.8	1610				1572	32	1.2		41
IT Staffing	71	699				699	71	0.0		41
Budget Staffing	6	8266				10105	5	(1.0)		41
Payroll	9	5511				5391	9	0.0		41
Accounting	15.5	3200				3090	16	0.5		42
Procurement	18.5	2681				7573	7	(11.5)		42

APPENDIX 4C: BASIC PUPIL TEACHER RATIO GUIDANCE OPTIONS

ENROLLMENT SCENARIOS			Actuals	Prior Year	Current Year	Budget Dev't	Projection				
2	Federal \$	Sequestration	-2	-1	0	1	2	3	4	5	6
		July 1	2010	2011	2012	2013	2014	2015	2016	2017	2018
		June 30th	2011	2012	2013	2014	2015	2016	2017	2018	2019
Enrollment			48,378	48,304	47,729	46,916	46,104	46,013	45,923	45,832	
1 Pupil Teacher Ratio Guidance			Reference Case								
		K			20.50	20.5	20.5	20.5	20.5	20.5	20.5
		1			21.00	21.0	21.0	21.0	21.0	21.0	21.0
		2			24.25	24.3	24.3	24.3	24.3	24.3	24.3
		3			24.75	24.8	24.8	24.8	24.8	24.8	24.8
		4			25.25	25.3	25.3	25.3	25.3	25.3	25.3
		5			25.25	25.3	25.3	25.3	25.3	25.3	25.3
		6			26.25	26.3	26.3	26.3	26.3	26.3	26.3
		7			27.25	27.3	27.3	27.3	27.3	27.3	27.3
		8			27.25	27.3	27.3	27.3	27.3	27.3	27.3
		9			29.41	29.4	29.4	29.4	29.4	29.4	29.4
		10			29.41	29.4	29.4	29.4	29.4	29.4	29.4
		11			29.41	29.4	29.4	29.4	29.4	29.4	29.4
		12			29.41	29.4	29.4	29.4	29.4	29.4	29.4
	FTE	Elem			1,104	1,092	1,072	1,055	1,050	1,049	1,049
		MS			268	266	261	256	256	256	255
		HS			475	470	462	453	453	452	451
					1,847	1,828	1,795	1,764	1,759	1,757	1,755
vg Salary + ASD Benefits											
		Elem			\$92,174	\$96,517	\$100,823	\$105,045	\$109,502	\$114,204	\$119,175
		MS			\$93,155	\$97,545	\$101,886	\$106,140	\$110,630	\$115,366	\$120,372
		HS			\$94,526	\$98,980	\$103,370	\$107,669	\$112,205	\$116,989	\$122,043
TOTAL COST (millions \$)											
		REFERENCE			\$171.6	\$177.9	\$182.4	\$186.8	\$194.1	\$202.2	\$210.8
					\$171.6	\$177.9	\$182.4	\$186.8	\$194.1	\$202.2	\$210.8
		CHANGE IN FY1314 (Millions of			\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
3 Pupil Teacher Ratio Guidance			ROUND UP SCENARIO								
		K			20.50	21.0	21.0	21.0	21.0	21.0	21.0
		1			21.00	21.0	21.0	21.0	21.0	21.0	21.0
		2			24.25	25.0	25.0	25.0	25.0	25.0	25.0
		3			24.75	25.0	25.0	25.0	25.0	25.0	25.0
		4			25.25	26.0	26.0	26.0	26.0	26.0	26.0
		5			25.25	26.0	26.0	26.0	26.0	26.0	26.0
		6			26.25	27.0	27.0	27.0	27.0	27.0	27.0
		7			27.25	28.0	28.0	28.0	28.0	28.0	28.0
		8			27.25	28.0	28.0	28.0	28.0	28.0	28.0
		9			29.41	30.0	30.0	30.0	30.0	30.0	30.0
		10			29.41	30.0	30.0	30.0	30.0	30.0	30.0
		11			29.41	30.0	30.0	30.0	30.0	30.0	30.0
		12			29.41	30.0	30.0	30.0	30.0	30.0	30.0
	FTE	Elem			1,104	1,068	1,050	1,032	1,030	1,028	1,026
		MS			268	258	254	250	250	248	248
		HS			475	461	453	445	444	443	442
					1,847	1,787	1,757	1,727	1,724	1,719	1,716
vg Salary + ASD Benefits											
		Elem			\$92,174	\$96,517	\$100,823	\$105,045	\$109,502	\$114,204	\$119,175
		MS			\$93,155	\$97,545	\$101,886	\$106,140	\$110,630	\$115,366	\$120,372
		HS			\$94,526	\$98,980	\$103,370	\$107,669	\$112,205	\$116,989	\$122,043
TOTAL COST (millions \$)											
		REFERENCE			\$171.6	\$177.9	\$182.4	\$186.8	\$194.1	\$202.2	\$210.8
					\$171.6	\$173.9	\$178.6	\$182.9	\$190.3	\$197.8	\$206.1
		CHANGE IN FY1314 (Millions of			\$0.0	(\$4.0)	(\$3.9)	(\$3.9)	(\$3.9)	(\$4.4)	

ENROLLMENT SCENARIOS		Actuals	Prior Year	Current Year	Budget Dev't	Projection				
2 Federal \$ Sequestration		-2	-1	0	1	2	3	4	5	6
	July 1	2010	2011	2012	2013	2014	2015	2016	2017	2018
	June 30th	2011	2012	2013	2014	2015	2016	2017	2018	2019
Enrollment			48,378	48,304	47,729	46,916	46,104	46,013	45,923	45,832
2 Pupil Teacher Ratio Guidance		ROUND DOWN SCENARIO								
	K			20.50	20.0	20.0	20.0	20.0	20.0	20.0
	1			21.00	21.0	21.0	21.0	21.0	21.0	21.0
	2			24.25	24.0	24.0	24.0	24.0	24.0	24.0
	3			24.75	24.0	24.0	24.0	24.0	24.0	24.0
	4			25.25	25.0	25.0	25.0	25.0	25.0	25.0
	5			25.25	25.0	25.0	25.0	25.0	25.0	25.0
	6			26.25	26.0	26.0	26.0	26.0	26.0	26.0
	7			27.25	27.0	27.0	27.0	27.0	27.0	27.0
	8			27.25	27.0	27.0	27.0	27.0	27.0	27.0
	9			29.41	29.0	29.0	29.0	29.0	29.0	29.0
	10			29.41	29.0	29.0	29.0	29.0	29.0	29.0
	11			29.41	29.0	29.0	29.0	29.0	29.0	29.0
	12			29.41	29.0	29.0	29.0	29.0	29.0	29.0
	FTE	Elem		1,104	1,106	1,087	1,068	1,067	1,063	1,061
		MS		268	268	264	259	258	258	258
		HS		475	477	469	461	459	458	457
				1,847	1,851	1,820	1,788	1,784	1,779	1,776
vg Salary + ASD Benefits										
		Elem		\$92,174	\$96,517	\$100,823	\$105,045	\$109,502	\$114,204	\$119,175
		MS		\$93,155	\$97,545	\$101,886	\$106,140	\$110,630	\$115,366	\$120,372
		HS		\$94,526	\$98,980	\$103,370	\$107,669	\$112,205	\$116,989	\$122,043
TOTAL COST (millions \$)										
		REFERENCE		\$171.6	\$177.9	\$182.4	\$186.8	\$194.1	\$202.2	\$210.8
				\$171.6	\$180.1	\$185.0	\$189.3	\$196.9	\$204.7	\$213.3
		CHANGE IN FY1314 (Millions of		\$0.0	\$2.2	\$2.5	\$2.5	\$2.8	\$2.5	
4 Pupil Teacher Ratio Guidance		Round K-6 Down; Round 7-12 Up								
	K			20.50	20.0	20.0	20.0	20.0	20.0	20.0
	1			21.00	21.0	21.0	21.0	21.0	21.0	21.0
	2			24.25	24.0	24.0	24.0	24.0	24.0	24.0
	3			24.75	24.0	24.0	24.0	24.0	24.0	24.0
	4			25.25	25.0	25.0	25.0	25.0	25.0	25.0
	5			25.25	25.0	25.0	25.0	25.0	25.0	25.0
	6			26.25	26.0	26.0	26.0	26.0	26.0	26.0
	7			27.25	28.0	28.0	28.0	28.0	28.0	28.0
	8			27.25	28.0	28.0	28.0	28.0	28.0	28.0
	9			29.41	30.0	30.0	30.0	30.0	30.0	30.0
	10			29.41	30.0	30.0	30.0	30.0	30.0	30.0
	11			29.41	30.0	30.0	30.0	30.0	30.0	30.0
	12			29.41	30.0	30.0	30.0	30.0	30.0	30.0
	FTE	Elem		1,104	1,106	1,087	1,068	1,067	1,063	1,061
		MS		268	258	254	250	250	248	248
		HS		475	461	453	445	444	443	442
				1,847	1,825	1,794	1,763	1,761	1,754	1,751
vg Salary + ASD Benefits										
		Elem		\$92,174	\$96,517	\$100,823	\$105,045	\$109,502	\$114,204	\$119,175
		MS		\$93,155	\$97,545	\$101,886	\$106,140	\$110,630	\$115,366	\$120,372
		HS		\$94,526	\$98,980	\$103,370	\$107,669	\$112,205	\$116,989	\$122,043
TOTAL COST (millions \$)										
		REFERENCE		\$171.6	\$177.9	\$182.4	\$186.8	\$194.1	\$202.2	\$210.8
				\$171.6	\$177.5	\$182.3	\$186.6	\$194.3	\$201.8	\$210.2
		CHANGE IN FY1314 (Millions of		\$0.0	(\$0.3)	(\$0.1)	(\$0.1)	\$0.2	(\$0.4)	

APPENDIX 5: LONG RUN EXPENDITURE PROFILE - SUMMARY OF ALTERNATIVE SCENARIOS (Attrition, Salary & Benefit CAGR)

Hold Classroom/Hold Support		FY1314	FY1415	FY1516	FY1617	FY1718	FY1819	
TRS								
100.0%	2544	2544	2544	2544	2544	2544	2544	
3.0%	70500	\$72,615	\$74,793	\$77,037	\$79,348	\$81,729	\$84,181	
5.0%	37200	\$39,060	\$41,013	\$43,064	\$45,217	\$47,478	\$49,852	
	Millions	\$284.10	\$294.61	\$305.54	\$316.89	\$328.70	\$340.98	
PERS								
100.0%	3680	3680	3680	3680	3680	3680	3680	
3.0%	40200	\$41,406	\$42,648	\$43,928	\$45,245	\$46,603	\$48,001	
5.0%	25270	\$26,534	\$27,860	\$29,253	\$30,716	\$32,252	\$33,864	
	Millions	\$250.02	\$259.47	\$269.31	\$279.54	\$290.18	\$301.26	FY1819 Index
TOTAL (\$M)	\$514.92	\$534.12	\$554.08	\$574.84	\$596.43	\$618.89	\$642.24	1.00
Growth (FY1213)		\$19.20	\$39.16	\$59.92	\$81.51	\$103.97	\$127.32	
Growth Index								1.25
Build Classroom/Reduce Support								
		FY1314	FY1415	FY1516	FY1617	FY1718	FY1819	TARGET
TRS								
103.4%	2544	2631	2720	2813	2909	3008	3111	3112
3.0%	70500	\$72,615	\$74,793	\$77,037	\$79,348	\$81,729	\$84,181	
5.0%	37200	\$39,060	\$41,013	\$43,064	\$45,217	\$47,478	\$49,852	
	Millions	\$293.79	\$315.05	\$337.87	\$362.38	\$388.70	\$416.97	
PERS								
97.3%	3680	3579	3480	3385	3292	3201	3113	3112
3.0%	40200	\$41,406	\$42,648	\$43,928	\$45,245	\$46,603	\$48,001	
5.0%	25270	\$26,534	\$27,860	\$29,253	\$30,716	\$32,252	\$33,864	
	Millions	\$243.14	\$245.40	\$247.69	\$250.03	\$252.42	\$254.85	FY1819 Index
TOTAL (\$M)	\$514.92	\$536.93	\$560.44	\$585.56	\$612.41	\$641.12	\$671.82	1.05
Growth (FY1213)		\$22.01	\$45.52	\$70.65	\$97.50	\$126.20	\$156.90	
Growth Index								1.30
Hold Classroom/Reduce Support								
		FY1314	FY1415	FY1516	FY1617	FY1718	FY1819	TARGET
TRS								
100.0%	2544	2544	2544	2544	2544	2544	2544	2544
3.0%	70500	\$72,615	\$74,793	\$77,037	\$79,348	\$81,729	\$84,181	
5.0%	37200	\$39,060	\$41,013	\$43,064	\$45,217	\$47,478	\$49,852	
	Millions	\$284.10	\$294.61	\$305.54	\$316.89	\$328.70	\$340.98	
PERS								
97.0%	3680	3570	3463	3359	3258	3160	3065	
3.0%	40200	\$41,406	\$42,648	\$43,928	\$45,245	\$46,603	\$48,001	
5.0%	25270	\$26,534	\$27,860	\$29,253	\$30,716	\$32,252	\$33,864	
	Millions	\$242.52	\$244.14	\$245.79	\$247.47	\$249.19	\$250.94	FY1819 Index
TOTAL (\$M)	\$514.92	\$526.62	\$538.75	\$551.32	\$564.37	\$577.89	\$591.92	0.92
Growth (FY1213)		\$11.70	\$23.83	\$36.41	\$49.45	\$62.97	\$77.00	
Growth Index								1.15

Hold Benefit		FY1314	FY1415	FY1516	FY1617	FY1718	FY1819
Growth to Inflation							
Attrition: 1% Instructional/1% support							
TRS							
99.0%	2544	2519	2493	2468	2444	2419	2395
3.0%	70500	\$72,615	\$74,793	\$77,037	\$79,348	\$81,729	\$84,181
2.5%	37200	\$38,130	\$39,083	\$40,060	\$41,062	\$42,088	\$43,141
	Millions	\$278.92	\$283.94	\$289.05	\$294.25	\$299.55	\$304.95
PERS							
99.0%	3680	3643	3607	3571	3535	3500	3465
3.0%	40200	\$41,406	\$42,648	\$43,928	\$45,245	\$46,603	\$48,001
2.5%	25270	\$25,902	\$26,549	\$27,213	\$27,893	\$28,591	\$29,305
	Millions	\$245.22	\$249.58	\$254.02	\$258.55	\$263.15	\$267.84
TOTAL (\$M)	\$514.92	\$524.13	\$533.52	\$543.07	\$552.80	\$562.70	\$572.79
Growth (FY1213)		\$9.22	\$18.60	\$28.15	\$37.88	\$47.79	\$57.87
Growth Index							1.11
Page 1							
Hold Benefit		FY1314	FY1415	FY1516	FY1617	FY1718	FY1819
Growth to Inflation							
Attrition: 1% Instructional/2% support							
TRS							
99.0%	2544	2519	2493	2468	2444	2419	2395
3.0%	70500	\$72,615	\$74,793	\$77,037	\$79,348	\$81,729	\$84,181
2.5%	37200	\$38,130	\$39,083	\$40,060	\$41,062	\$42,088	\$43,141
	Millions	\$278.92	\$283.94	\$289.05	\$294.25	\$299.55	\$304.95
PERS							
98.0%	3680	3606	3534	3464	3394	3326	3260
3.0%	40200	\$41,406	\$42,648	\$43,928	\$45,245	\$46,603	\$48,001
2.5%	25270	\$25,902	\$26,549	\$27,213	\$27,893	\$28,591	\$29,305
	Millions	\$242.74	\$244.56	\$246.40	\$248.26	\$250.13	\$252.01
TOTAL (\$M)	\$514.92	\$521.66	\$528.50	\$535.45	\$542.51	\$549.68	\$556.96
Growth (FY1213)		\$6.74	\$13.58	\$20.53	\$27.59	\$34.76	\$42.04
Growth Index							1.08

Hold Benefit Growth to Inflation		FY1314	FY1415	FY1516	FY1617	FY1718	FY1819
Attrition: 1% Instructional/3% support							
TRS							
99.0%	2544	2519	2493	2468	2444	2419	2395
3.0%	70500	\$72,615	\$74,793	\$77,037	\$79,348	\$81,729	\$84,181
2.5%	37200	\$38,130	\$39,083	\$40,060	\$41,062	\$42,088	\$43,141
	Millions	\$278.92	\$283.94	\$289.05	\$294.25	\$299.55	\$304.95
PERS							
97.0%	3680	3570	3463	3359	3258	3160	3065
3.0%	40200	\$41,406	\$42,648	\$43,928	\$45,245	\$46,603	\$48,001
2.5%	25270	\$25,902	\$26,549	\$27,213	\$27,893	\$28,591	\$29,305
	Millions	\$240.26	\$239.60	\$238.94	\$238.28	\$237.62	\$236.97
TOTAL (\$M)	\$514.92	\$519.18	\$523.53	\$527.98	\$532.53	\$537.18	\$541.92
Growth (FY1213)		\$4.26	\$8.62	\$13.07	\$17.61	\$22.26	\$27.00
Growth Index							1.05
Hold Benefit Growth to Inflation							
		FY1314	FY1415	FY1516	FY1617	FY1718	FY1819
Attrition: 1% Instructional/4% support							
TRS							
99.0%	2544	2519	2493	2468	2444	2419	2395
3.0%	70500	\$72,615	\$74,793	\$77,037	\$79,348	\$81,729	\$84,181
2.5%	37200	\$38,130	\$39,083	\$40,060	\$41,062	\$42,088	\$43,141
	Millions	\$278.92	\$283.94	\$289.05	\$294.25	\$299.55	\$304.95
PERS							
96.0%	3680	3533	3391	3256	3126	3001	2881
3.0%	40200	\$41,406	\$42,648	\$43,928	\$45,245	\$46,603	\$48,001
2.5%	25270	\$25,902	\$26,549	\$27,213	\$27,893	\$28,591	\$29,305
	Millions	\$237.78	\$234.68	\$231.62	\$228.60	\$225.62	\$222.68
TOTAL (\$M)	\$514.92	\$516.70	\$518.62	\$520.67	\$522.86	\$525.18	\$527.64
Growth (FY1213)		\$1.78	\$3.70	\$5.75	\$7.94	\$10.26	\$12.72
Growth Index							1.02
Hold Benefit Growth to Inflation							
		FY1314	FY1415	FY1516	FY1617	FY1718	FY1819
Attrition: 2% Instructional/4% support							
TRS							
98.0%	2544	2493	2443	2394	2347	2300	2254
3.0%	70500	\$72,615	\$74,793	\$77,037	\$79,348	\$81,729	\$84,181
2.5%	37200	\$38,130	\$39,083	\$40,060	\$41,062	\$42,088	\$43,141
	Millions	\$276.10	\$278.23	\$280.38	\$282.54	\$284.73	\$286.93
PERS							
96.0%	3680	3533	3391	3256	3126	3001	2881
3.0%	40200	\$41,406	\$42,648	\$43,928	\$45,245	\$46,603	\$48,001
2.5%	25270	\$25,902	\$26,549	\$27,213	\$27,893	\$28,591	\$29,305
	Millions	\$237.78	\$234.68	\$231.62	\$228.60	\$225.62	\$222.68
TOTAL (\$M)	\$514.92	\$513.89	\$512.91	\$512.00	\$511.15	\$510.35	\$509.61
Growth (FY1213)		(\$1.03)	(\$2.01)	(\$2.92)	(\$3.77)	(\$4.57)	(\$5.30)
Growth Index							0.99