

MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

AM 107-2016

Meeting Date: March 08, 2016

FROM: ANCHORAGE SCHOOL DISTRICT

SUBJECT: AO 2016-20 ANCHORAGE SCHOOL DISTRICT
FY 2016-2017 FINANCIAL PLAN

PROPOSED FINANCIAL PLAN

The Anchorage School Board has approved the Proposed Financial Plan and Budget for FY 2016-17 in the amount of \$768,401,726. The total proposed Anchorage School District budget by individual funds is projected as follows:

Municipal Upper Limit Summary

Table 1. Individual Fund Budget Summary (in millions \$)

Individual Funds	Actual [1]	Estimated [1]	Approved Budget	Preliminary	FY 17 Prelim vs FY 16 Budget	
	FY 2013-14	FY 2014-15	FY 2015-16		FY 2016-17	\$
General Fund	\$ 541.301	\$ 547.368	\$ 569.093	\$ 560.271	\$ (8.822)	-1.6%
Transportation Fund	22.328	22.441	23.192	24.192	1.000	4.3%
Grants Fund	44.500	46.165	57.441	58.090	0.649	1.1%
Debt Service Fund	84.703	86.763	87.161	84.634	(2.527)	-2.9%
Capital Projects Fund	17.862	1.376	7.000	10.000	3.000	42.9%
Food Service Fund	20.455	22.850	22.261	23.315	1.054	4.7%
Student Activities Fund	7.643	7.726	7.189	7.900	0.711	9.9%
ASD Managed Total	738.792	734.689	773.337	768.402	(4.935)	-0.7%
SOA PERS/TRS On-behalf	120.288	721.619 [2]	47.347	46.000	(1.347)	-0.2%
Total All Funds	\$ 859.080	\$ 1,456.308	\$ 820.684	\$ 814.402	\$ (6.282)	-0.4%

[1] GAAP basis expenditures with on-behalf pension payments removed from individual funds

[2] PERS and TRS on-behalf has been updated for FY 2014-15 due to SB 119 appropriations of \$3B into PERS/TRS

It is requested that the Anchorage Assembly approve local property taxes in the amount of \$246,003,265 and the upper limit spending authorization of \$768,401,726 for FY 2016-17.

The associated mill rate is expected to decline from 6.84 (FY 2015-16) to 6.80 (FY 2016-17) -- a decline of 4 basis points or about 0.6 percent.

1 DESTINATION 2020

2 The district’s Framework for Success is built around four strategies: focusing on
3 students, investing in staff, engaging the community and strengthening our
4 services. By concentrating on these strategies, ASD is building momentum and
5 moving closer to its goals outlined in Destination 2020, the district’s strategic
6 plan.

7
8 Students thrive when they have high-quality educational opportunities. ASD
9 must focus on all of our students collectively and still meet the needs of each of
10 them individually. In order to provide students the best education possible,
11 ASD is individualizing instruction in every classroom. This means the district is
12 providing the right instruction at the right time to each student.

13
14 *Destination 2020 Goals*

15 The Anchorage School Board has set high expectations for ASD students and
16 educators which are embodied in Destination 2020.

- 17 • 90% of students will be proficient in language arts and math, and will achieve
18 at least one year’s academic growth each year.
- 19 • 90% of students will graduate high school.
- 20 • Every student will attend school at least 90% of the time.
- 21 • 90% of parents will recommend their child’s school to others.
- 22 • 100% of students and staff will feel safe at school.
- 23 • 100% of departments will rank in the top quartile of urban schools for
24 operational efficiency.

1 The district has been making progress toward these goals in a number of areas.
2

Goals



Performance

90 percent of students will be proficient in language arts and math and will achieve at least one year's academic growth each year.

2015	2020	
39%	90%	English/ language arts
36%	90%	Math

Students were examined on new standards through the state's new assessment Alaska Measures of Progress.



Parent recommendation

90 percent of parents will recommend their child's school to others.

2015	2020	
88%	90%	



Graduation

90 percent of students will graduate high school.

2015	2020	
80%	90%	



Student & staff safety

100 percent of students and staff will be safe at school.

2015	2020	
72%	100%	Students
86%	100%	Staff



Student attendance

Every student will attend school at least 90 percent of the time.

2015	2020	
80%	90%	



Effective and efficient operations

100 percent of departments will rank in the top quartile for operational efficiency.

Key Performance Indicators for various departments are available on the district's website.

All data is rounded. Detailed information is available in the Profile of Performance, available on the district's website.

3

1 Last year, FY 2014-15, was a baseline year for student assessment and
2 proficiency. Students were examined on new standards through the state's new
3 assessment Alaska Measures of Progress. Results from this exam are not
4 comparable to the results from the Standards Based Assessment.

5
6 This year, ASD was nationally recognized for expanding access to Advanced
7 Placement courses for students and increasing the percentage of students who
8 score highly on AP exams.

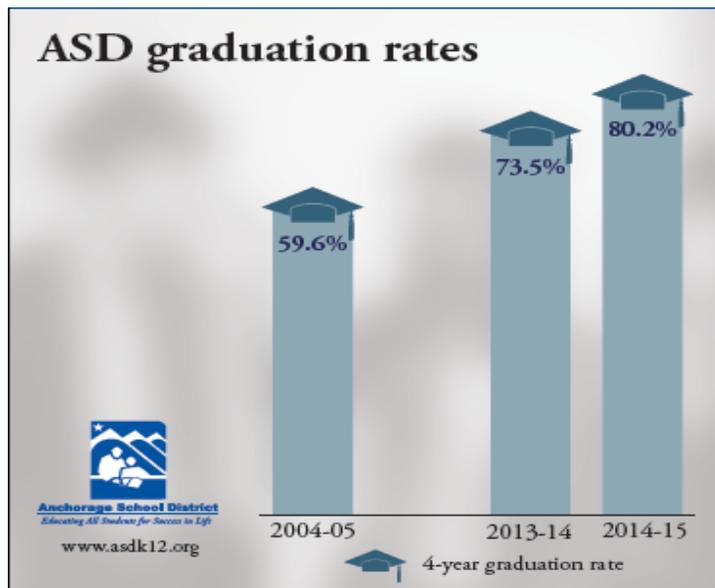
9
10 *Graduation*

11 ASD's graduation rate continues to increase. Ten years ago, the district's
12 graduation rate was 59 percent. Last year, it was 73.5 percent. This year, it is
13 above 80 percent. That's nearly seven points above last year and more than 20
14 percentage points better than a decade ago.

15
16 Last year was the first year of the elimination of the High School Graduation
17 Qualifying Exam. While there is no way to tell the number of graduates who
18 wouldn't have passed a portion of the test and wouldn't have earned their
19 diploma this past year, the district estimates, on average, it's about 100 students.
20 That accounts for a little more than 2 percent of the graduating class, while the
21 district's annual graduation rate increased by 7 percentage points.

22
23 With the increase in the number of ASD's graduates, the district is also helping
24 students see the value in earning a diploma. ASD has one of the lowest dropout
25 rates recorded for the district, 3.1 percent.

26
27 The district is also proud to report that students' ACT scores - for the college
28 entrance exam - remain well above the state and national averages.

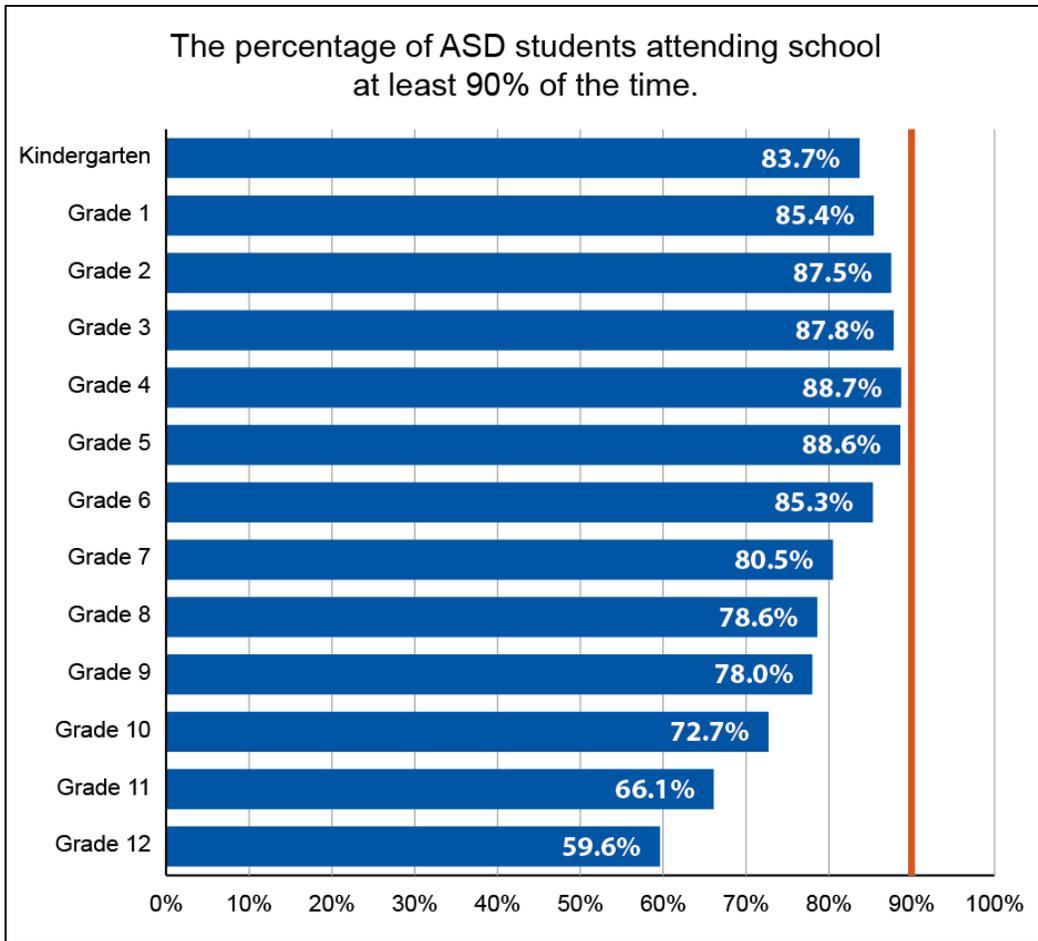


1 *Student Attendance*

2 A missed school day is a lost opportunity for students to learn. District data
3 shows there is a direct correlation between ASD students who attend school
4 regularly and higher academic achievement levels.

5
6 In order to reach attendance goals, students can miss no more than 17 days of
7 school per year, that's the equivalent of two days per month.

8
9 Instilling the value of coming to school every day is important to start at a
10 young age. Through ASD's collaborative efforts with the community and
11 conversations with families around the importance of daily attendance, we are
12 seeing improvement.



14
15
16
17 **RECENT FUNDING HISTORY & NEAR TERM OUTLOOK**

18 In April 2014, the legislature passed House Bill 278 which provided increases to
19 the state's Base Student Allocation (BSA) of \$150 in FY 2014-15 and \$50 increases
20 in both FY 2015-16 and FY 2016-17. Additionally, HB 278 provided three years
21 of operating grants outside of the Foundation Formula. In FY 2015-16 these

1 grants were eliminated in an effort to reduce state costs amid declining oil
2 revenues. Using current statutes and guidance from Governor Walker's budget,
3 the district has made the following assumptions in state revenue when creating
4 the proposed budget for FY 2016-17:

- 5
- 6 • \$50 BSA increase per HB 278
- 7 • no increase in transportation funding
- 8 • no funding outside the Foundation Formula
- 9 • reduction in state grants that supported preschool and STEM of
10 approximately \$0.5 million

11

12 Funding from the state is expected to increase by approximately \$4.19 million
13 over the FY 2015-16 budget, primarily due to a projected net increase in
14 enrollment since FY 2014-15, resulting in an additional \$3.05 million and \$50 in
15 the BSA which results in another \$3.72 million. The increases are partially offset
16 by the shift in burden from the state to the municipality of \$3.12 million.

17

18 The shift in burden from the state to the municipality is based on the required
19 local effort component of the Foundation Formula which requires
20 municipalities to pay the equivalent of a 2.65 mill tax levy of the taxable real and
21 personal property in the district. This amount is then reduced from the state's
22 funding to the district. As the Anchorage economy has remained strong, the
23 taxable value of property within the municipality has increased from \$37.88
24 billion in 2014 to \$39.06 billion in 2015, or about 3.1 percent.

25

26 State transportation revenue is expected to remain flat as HB 120 (2013), which
27 provided for annual increases based on Anchorage CPI, sunsets. The challenge
28 of flat revenues in the district's Pupil Transportation Fund are further
29 exacerbated by rapidly increasing costs driven by the state law requiring bus
30 drivers be paid at least twice the minimum wage. The recent voter-approved
31 increases to minimum wage have put significant pressure on the district's
32 ability to contain transportation costs.

33

34 FY 2016-17 BUDGET DEVELOPMENT PROCESS

35 The administration and board engaged the community through four interactive
36 public forums which allowed participants to vote on the importance of a range
37 of educational topics, what is most important to them and what could be reduced
38 or eliminated if required. Small group discussions were facilitated to brainstorm
39 ideas for revenue generation as well as to identify what should be maintained if
40 possible and what could possibly be reduced. The district also engaged the
41 public through an online platform which allowed participants to share their
42 thoughts and identify values and concerns they have with public education.

1 More than 7,500 parents, community members, staff and students participated
2 in the online engagement opportunity sharing 15,502 thoughts.

3
4 Results from the in-person conversations, online input provided by
5 stakeholders and administrative analysis indicated a desire to preserve high-
6 quality instruction, maintain or reduce class size and protect highly valued
7 programs were the most important things to consider when creating the budget.
8 The feedback listed administration, assistant principals, transportation and
9 student nutrition as areas to consider first for any necessary reductions.

10 11 ENROLLMENT

12 The district's fall enrollment in 2015 surpassed projections for FY 2015-16 by
13 approximately 330 students, or 0.7 percent. A slight decline of about 60
14 students, or 0.13 percent is expected in FY 2016-17 for state funding purposes.
15 While enrollment is expected to be down, it is still above the amount in the FY
16 2015-16 budget. Looking forward, the district is anticipating flat to slightly
17 declining enrollment over the next several years¹.

18 19 DIRECT CLASSROOM INSTRUCTION AND PUPIL TEACHER RATIO

20 Over the last four years, the district has been able to increase direct classroom
21 instruction while reducing support positions districtwide to better align the
22 district with benchmark staffing.

23
24 As more support services are cut, the district has heard feedback from
25 principals, teachers and others who feel that support services are stretched thin.
26 The district will continue its efforts in strengthening our services and meeting
27 strategic goals of being in the top quartile of key performance indicators,
28 recognizing that with additional reductions to support services, there may be an
29 adjustment to the levels of service that employees, parents and students are
30 accustomed to receiving.

31
32 The adjustment of the Pupil Teacher Ratio (PTR) by one student equates to
33 about 80 Full Time Equivalent (FTE) positions districtwide. This adjustment will
34 impact all schools including elementary, middle, high and alternative schools.
35 While the PTR adjustment of one is based on the idea of one additional student
36 per classroom, this is not actually possible. The new PTR targets for specific
37 grade levels will serve as a guide, but the reality is there will be fewer teachers
38 available to distribute to schools. Allocations will be made after consideration of
39 projected enrollments for next year and specific program needs. The Elementary
40 and Secondary division directors will work closely with principals to determine
41 how to utilize the teacher allocation to structure their schedules and meet the

¹ Exclusive of significant events such as reduction/expansion of military bases, gas pipeline construction, opening ANWR, etc.

1 needs of their student populations. With fewer classroom teachers at the
2 elementary level, there will be a corresponding reduction in the number of
3 specialists needed to serve those classrooms and provide contractually required
4 planning time. This includes PE, Health, Art and Music. At the secondary level,
5 there is the potential for reductions in specific programs or offerings.

6
7 The district has added back an additional 13.3 teacher FTE as additional
8 resources throughout the budget process have been identified to help mitigate
9 the loss of resources. The net reduction for the PTR and enrollment adjustments
10 is 66.7 FTE, exclusive of changes in charter schools and specialized alternative
11 programs.

12 13 INSTRUCTIONAL SUPPORT-SPECIAL EDUCATION

14 The district has experienced an increase in the population of intensive needs
15 special education students and growing service level requirements for non-
16 intensive special needs students over the past few years. In order to maintain a
17 consistent, safe ratio of students to staff, the district is proposing increasing the
18 FTE available to address the growing need for services. In addition to FTE, the
19 service level requirements have necessitated an increase in supplies and
20 summer school support.

21
22 The district has added approximately \$1.315 million to address emergent special
23 education needs in the following areas:

- 24 • \$1.025 million – 15.5 FTE for teachers, teachers assistants and counselors
- 25 • \$0.192 million – summer school
- 26 • \$0.065 million – Compuclaim Medicaid billing software
- 27 • \$0.033 million – supplies, services and equipment

28 29 INSTRUCTIONAL SUPPORT – ENGLISH LANGUAGE LEARNERS

30 The district has experienced a rapid increase in the number of ELL students
31 needing services, outpacing the proportionate number of staff available to serve
32 them. The following FTE were added to address current needs at a total cost of
33 \$0.363 million:

- 34 • 3.275 FTE Tutors
- 35 • 1.49 FTE Teachers
- 36 • 0.5 FTE Counselor
- 37 • 0.125 FTE Clerical

38 39 INSTRUCTIONAL SUPPORT – GIFTED EDUCATION

40 The district has proposed reducing one FTE within the Gifted IGNITE program.
41 This will require some reallocation between schools to balance workloads but
42 all schools and students will still be served by the program. There could be
43 some delay in eligibility testing as there will be fewer individuals to handle an
44 increasing number of referrals.

1 BUILDING LEADERSHIP AND ADMINISTRATION

2 The district is eliminating three assistant principal positions for FY 2016-17, one
3 at each level of elementary, middle and high schools.

4
5 Elementary:

6 There are currently nine elementary assistant principals serving 16 schools.
7 Fairview and Sand Lake each have a full-time assistant principal and the
8 remaining seven assistant principals each serve two schools equally. The
9 assistant principals support the programs, students, parents and staff within
10 these schools, and receive the mentoring and experience to prepare them to lead
11 schools as principals. For the 2015-16 school year, eight of our assistant
12 principals from the previous year became principals within the district. The
13 elimination of one assistant principal will impact two of the smaller schools
14 currently being served, but should still allow the district to develop the
15 educational leaders needed.

16
17 Middle School:

18 There are currently 12 middle school assistant principals serving the 10
19 comprehensive middle schools. Begich and Clark, each with more than 1,000
20 students, have two assistant principals. The others schools each have one. The
21 elimination of one assistant principal will impact Wendler and Central, our two
22 smallest middle schools. Following the elementary model, these schools will
23 share a single assistant principal equally. With this reduction, both of these
24 schools will still be under the average pupil-administrator ratio (PAR) for
25 secondary schools. Substantial work will need to be completed on prioritizing
26 daily duties to insure that essential activities are completed. The principals at
27 Central and Wendler will be required to take on additional responsibilities with
28 student discipline, activities and teacher evaluation.

29
30 High School:

31 There are currently 28 assistant principals serving the eight comprehensive high
32 schools. The number of assistant principals allocated to each school has largely
33 been a factor of student enrollment. The reduction of one assistant principal will
34 impact Chugiak High School, which will go from three assistant principals to
35 two. This reduction means Chugiak will have the same allocation as Eagle River
36 High School, and be only 12 students above the average PAR for secondary
37 schools. Re-prioritizing administrative daily duties will be required to ensure
38 that essential activities are completed. The principal and remaining two
39 assistant principals will be required to take on different and/or additional
40 responsibilities, including discipline, activities, and teacher evaluation. Eagle
41 River High School will be used as a model for transition.

1 DISTRICTWIDE ADMINISTRATION AND ANCILLARY SUPPORT SERVICES

2 Ancillary building support and districtwide central services have experienced
3 deep cuts FY 2012-13, eliminating more than 137 FTE across Custodial Services,
4 Maintenance, Finance/OMB, Purchasing/Warehouse, Communications, IT,
5 Curriculum/Instruction and Human Resources.

6
7 For FY 2016-17, the district will continue to streamline central support operations
8 and has proposed a net reduction of 4.49 FTE which includes the following
9 changes:

10
11 • 2 FTE reduction – Communications positions

12 The Communications Department is restructuring to address fiscal constraints
13 and to implement shared services with the Municipality of Anchorage. ASD
14 cable channel 14 programming was moved to municipal cable channel 9,
15 effective Feb. 1.

16
17 As part of the restructuring of duties and assignments, the department will
18 eliminate one FTE media production specialist position and one FTE
19 communications specialist position. As a result of eliminating the
20 communications specialist position, the department will continue to struggle to
21 provide strategic support to schools and departments and instead will focus
22 primarily on immediate or reactionary needs.

23
24 • 2 FTE reduction – Maintenance carpenter positions

25 The district is recommending the elimination of two FTE carpenter positions that
26 would save approximately \$200,000. There are currently 16 carpenter positions in
27 the department and this could potentially limit the number of discretionary
28 projects completed during the year as focus is shifted to ensuring compliance
29 issues are addressed first. Additionally, the maintenance and operations
30 department will manage its attrition and vacancy rates throughout the year to
31 realize an additional savings of \$150,000.

32
33 • 1 FTE reduction – Library Resources

34 The elimination of one bibliographic control clerk 2 will result in some reduced
35 services from Library Resources. The Curriculum Library (which provides
36 shared curriculum related tubs and videos) will likely be eliminated as the
37 circulation of many of these materials has dropped considerably over the past
38 few years. Arrangements for materials still used (primarily Health and PE) will
39 need to be shifted to those respective departments. Impacts to students and
40 schools will include slower response time in processing new materials to the
41 library catalog and a reduction to improvements to the library system (LS2),
42 which could affect the ability of students and staff to find things using the library
43 catalog.

- 1 • 0.49 FTE reduction – Early Childhood Outreach

2 The administration is eliminating the part-time early childhood outreach position
3 which was added to help facilitate growth of preschool programs and assist in
4 developing partnerships with community organizations to provide pre-k
5 services. Since the funding for pre-k has been reduced, both through the
6 reduction of funds outside the BSA the district had set aside for pilot projects in
7 FY 2015-16 and the governor’s proposed elimination of preschool grants from the
8 state, the position is no longer needed.

- 10 • 1 FTE increase – Information Technology – paid for by reducing overall
11 software/bandwidth costs and through a voluntary restructuring of
12 employee work calendars

- 14 • 1 FTE increase – Director of Safety and Security – paid for through attrition
15 savings on unfilled maintenance positions

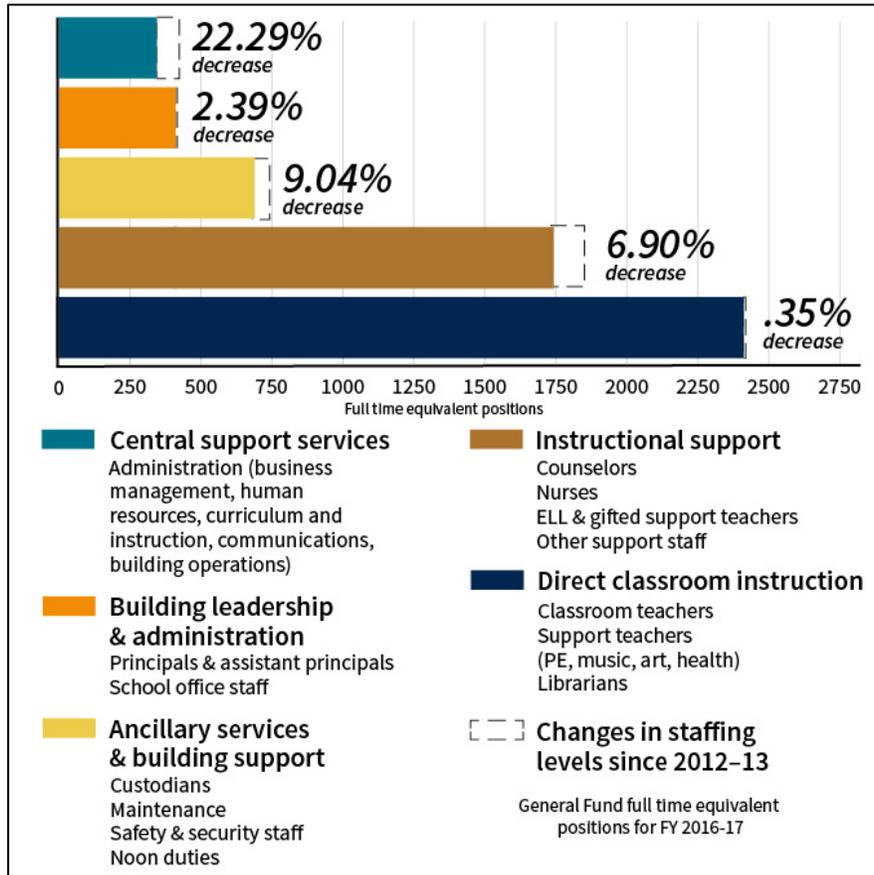
16
17 Other changes from the FY 2015-16 budget for other than personnel services
18 include:

- 20 • \$0.50 million in additional maintenance supplies to support the district’s
21 efforts in maintaining its facilities and slow the growth of the backlog of
22 maintenance projects.
- 24 • Reduction in funds available for travel, management reviews/audits,
25 addenda and extra help, partially offset by increases in testing materials and
26 special education due process costs.

1 **SUMMARY OF STAFFING LEVEL CHANGES BY FUNCTION**

2 The district's proposed budget decreases staffing levels from the prior year by
 3 39.76 FTE or 0.7 percent. Approximately 280 FTE, or about 5 percent of General
 4 Fund staff have been eliminated since FY 2012-13.

5
 6 The chart below shows the change in FTE by functional area since FY 2012-13:
 7



8
 9
 10
 11 **PROPERTY TAXES**

	Approved Budget FY 2015-2016	Proposed Budget FY 2016-2017	Increase/ (Decrease)	Percent Change
Total (FY)	239,410,965	246,003,265	6,592,300	2.75%
Estimated Assessed Valuation (CY)	35,029,181,874	35,702,359,247	673,177,373	1.92%
Estimated Mill Rate (CY)	6.84	6.80	(0.04)	-0.58%
	Actual FY 2015-2016 Sept. 30, 2015	Projected FY 2015-2016 Sept. 30, 2015	Increase/ (Decrease)	Percent Change
Student Enrollment	48,447	48,387	(60)	-0.12%

1 The FY 2016-17 Proposed Financial Plan and Budget continues the Anchorage
2 School Board's commitment to improving the education of all students.

3
4 **The Anchorage School District requests the full support of the Anchorage**
5 **Assembly for this budget and in the ongoing efforts to continue a community**
6 **dialogue that focuses on building on the momentum ASD has started to**
7 **achieve.**

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12
13 Respectfully submitted,

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16
17 Ed Graff
18 Superintendent

19
20 EG/MF/AR

21
22 Attachments include:

23
24 February 18, 2016 Preliminary Budget Memo (Revised)
25 Comb Bound / PDF Proposed FY 2016-17 Budget under separate cover