

See AO 2003-45(S)

Submitted by: Chairman of the Assembly
at the request of the
School Board

Prepared by: Anchorage School District
For Reading: March 4, 2003

ANCHORAGE, ALASKA
AO NO. 2003-45

AN ORDINANCE DETERMINING AND APPROVING THE TOTAL AMOUNT OF THE ANNUAL OPERATING BUDGET OF THE ANCHORAGE SCHOOL DISTRICT FOR ITS FISCAL YEAR 2003-2004 AND DETERMINING AND APPROPRIATING THE PORTION OF THE ASSEMBLY APPROVED BUDGET AMOUNT TO BE MADE AVAILABLE FROM LOCAL SOURCES

THE ANCHORAGE ASSEMBLY ORDAINS:

Section 1. That the FY 2003-2004 Proposed Anchorage School District Budget in the amount of \$481,389,406 has been approved by the Anchorage Assembly and that, of said amount, the amount of \$143,055,621 is the amount of money to be contributed from local property taxes or other local sources and is hereby appropriated for school purposes to fund the School District for its 2003-2004 fiscal year.

Section 2. That this ordinance is effective upon passage and approval.

PASSED AND APPROVED by the Anchorage Assembly, this _____ day of _____ 2003.

Chair of the Assembly

ATTEST

Municipal Clerk

SCHOOL DISTRICT
ANCHORAGE, ALASKA

AM 125-2003

MEMORANDUM

March 4, 2003

TO: THE HONORABLE GEORGE WUERCH
ANCHORAGE ASSEMBLY

FROM: OFFICE OF THE SUPERINTENDENT

Carol Comeau

SUBJECT: ANCHORAGE SCHOOL DISTRICT FINANCIAL PLAN

PROPOSED FINANCIAL PLAN

The Anchorage School Board has approved the Proposed Financial Plan for FY 2003-2004 in the amount of \$481,389,406. This includes individual revenue and expenditure budgets currently projected by fund as follows:

	Proposed FY 2003-2004 <u>Financial Plan</u>
General Fund	\$369,952,021
Food Service Fund	13,043,000
Debt Service Fund	58,394,385
Local/State/Federal Projects Fund	<u>40,000,000</u>
Total – All Funds	<u>\$481,389,406</u>

It is requested that the Anchorage Assembly approve local taxes in the amount of \$143,055,621 and the upper limit spending authorization of \$481,389,406 for FY 2003-2004. The requested local tax amount has been adjusted to reflect updated information related to both the five-year average Anchorage municipal population revision provided by the Municipality of Anchorage's Office of Management and Budget on February 18, 2003 and the Consumer Price Index released by the U.S. Department of Labor, Bureau of Labor Statistics on February 21, 2003. This adjustment does not include any updated information on 2003 new construction and property improvement that may adjust the local tax amount allowed under the tax cap limitation. This amount will not be available until later in March. If the new construction and property improvement adjustment is known before the Assembly takes action on the School District's FY 2003-2004 Financial Plan, the District will submit an "S" version to the corresponding Ordinance if further adjustments need to be made. No funding or

1 taxes have been included relating to the proposed bond propositions for the
2 April 2003 Municipal Election.

3
4 The taxes would be allocated to the District's funds as follows:

5
6

	2/06/03 Preliminary Estimate	Tax Adjustment	Requested Tax Appropriation
10 General Fund	\$120,948,393	\$251,621	\$121,200,014
11 Debt Service Fund	<u>21,855,607</u>	<u>-0-</u>	<u>21,855,607</u>
13 Total Taxes	<u>\$142,804,000</u>	<u>\$251,621</u>	<u>\$143,055,621</u>

14

15 The accompanying budget document reflects School Board action taken as of
16 February 6, 2003. It does not reflect the subsequent \$251,621 net tax adjustment
17 related to the Consumer Price Index for Anchorage and the five-year Anchorage
18 municipal population. Once the Alaska State Legislature and Federal
19 appropriations are determined later this spring, the School Board will take action
20 on the necessary financial adjustments.

21 22 THE BUDGETING PHILOSOPHY

23
24 The budget provides a blueprint for the Anchorage School District's educational
25 goals. When developing the budget, the Anchorage School District has an
26 obligation to its many stakeholders—the students, parents, employees, and
27 community members—to consider each group's priorities and balance them
28 with the District's stated mission of educating students for success in life.

29
30 The FY 2003-2004 budget projections reflect the District's on-going efforts to
31 achieve this balance, maximize performance and contain costs.

32
33 These projections for FY 2003-2004 are prepared using the most current
34 information available. Existing funds and cost savings are directed to District
35 programs to ensure that progress is made in achieving School Board Goals in
36 the areas of academic excellence, supportive learning environment, and public
37 accountability (Attachment A). The budget development process is mindful of
38 the District's responsibility in designating financial and human resources within
39 projected revenues.

40 41 BUDGET DEVELOPMENT

42 43 School Board Directions/Assumptions and Changes

44
45 The budget development process for the District is an ongoing process of
46 gathering and analyzing information. The budget continues to realign the

1 District's priorities, as budgeting is a progressive process. Throughout the
2 process, assumptions, enrollment, revenues, and expenditures are constantly
3 being reviewed and assessed in order to provide the most current information.
4 Federal, State or local mandates may necessitate the District to incorporate
5 additional responsibilities and/or initiate new programs within the District.
6 Various demographic and economic factors are evaluated for their impact on
7 the budget.

8
9 The District continues with its efforts to seek input from the community,
10 employees and students in the development of its budget. Input relative to
11 economies and efficiencies in delivery of programs and services as well as
12 additions and reductions in programs and services are sought. The
13 Superintendent and Administration conducted four town meetings – one in
14 Eagle River, one in Girdwood and two in the Anchorage Bowl – to gather
15 additional community, employee and student input. The District's web site also
16 carried a suggestion box to which community members could submit
17 recommendations, and suggestions forms were available at all of the schools
18 and at the Public Affairs Department. Input was also solicited from the
19 Minority Education Concerns Committee (MECC), various advisory committees
20 and the Anchorage Council of PTAs.

21
22 On November 4, 2002, a School Board FY 2003-2004 financial planning work
23 session was held. A pro forma revenue and expenditure budget was presented
24 based on current information known at that time. Assumptions used for
25 projection purposes were reviewed with the School Board. The Administration
26 gathered suggestions and changes that the majority of the School Board
27 members wanted the Administration to further investigate including any
28 suggestions submitted by staff and community members. At that work session
29 the School Board also provided guidance to the Administration to include \$5.0
30 million of fund balance as a revenue source to reduce the fiscal gap and to avoid
31 some reductions in various District activities when bringing the Preliminary
32 FY 2003-2004 Financial Plan forward in January 2003.

33
34 On November 11, 2002, updated estimates were presented to the School Board
35 in ASD Memorandum #101 (2002-2003). At that time, the School Board
36 established a total expenditure ceiling of \$484,279,385 for the combined General,
37 Food Service, Debt Service, and Local/State/Federal Projects Funds. The
38 Administration then revised the initial budget and prepared a Preliminary
39 Financial Plan for FY 2003-2004 in the amount of \$481,093,785, ASD
40 Memorandum #170 (2002-2003).

41
42 The School Board held two public hearings on the Preliminary Financial Plan,
43 January 14 and 17, 2003. The Superintendent gave a general overview, public
44 testimony was taken, and each administrator presented his/her budget
45 identifying any major changes, including program improvement. First and

1 Second Readings of the District's FY 2003-2004 Financial Plan were held on
2 January 23 and February 6, 2003. At the end of the second reading on
3 February 6, 2003, with slight revisions, the School Board passed the Proposed
4 FY 2003-2004 Financial Plan of \$481,137,785 by unanimous vote.
5

6 The revisions made by the School Board were made to the General Fund and
7 Food Service Fund. The revisions are listed below.
8

9 **General Fund**

10
11 The General Fund revenue budget increased from \$369,656,400 to \$369,700,400,
12 for an increase of \$44,000. The \$44,000 increase to the revenues came from the
13 undesignated fund balance. The total amount of fund balance to be used to
14 support the FY 2003-2004 Proposed Financial Plan is \$5,044,000.
15

16 The General Fund expenditure budget increased from \$369,656,400 to
17 \$369,700,400, for a net increase of \$44,000. The increase and decreases made by
18 the School Board were:
19

- 20 • Add one (1) FTE assistant principal for Wendler Middle School to
21 provide administrative support during school construction period and
22 with transporting students to Dimond High School during this period
23 with an expenditure of \$79,500.
- 24 • The computer disposal fees were reduced by \$23,500. The District does
25 not have confirmed disposal fee amounts or the number of computer and
26 TV monitors that may need to be disposed of. By reducing the Refuse
27 account by \$23,500, \$65,000 will still be available to meet the need of this
28 mandated requirement.
- 29 • The Contracted Services-Instructional under High School Administration
30 was reduced by \$12,000. This will leave \$72,000 available in contracted
31 services to meet the needs in this area.
32

33 **Food Service Fund**

34
35 The adjustments made to the Food Service Fund by the School Board did not
36 change in total, but rather in the distribution of revenue sources. The School
37 Board approved a \$.10 increase for fully-paid breakfasts and lunches for
38 elementary and middle level students instead of the \$.15 increase proposed by
39 the Administration. The \$.20 for fully-paid breakfast and the \$.15 for fully-paid
40 lunch increases for adult meals, remain as the Administration proposed. To
41 balance the loss of revenues from the reduction of the fully-paid student
42 breakfast and lunch prices, the School Board approved using \$74,265 of fund
43 balance to support the FY 2003-2004 Food Service Fund.
44
45

1 **BUDGET REVISIONS COMPARED TO PRIOR YEAR**

2
3 **GENERAL FUND**

4
5 The General Fund, consisting of each school and department's budget, accounts
6 for the majority of the District's operations and activities. Therefore, this
7 memorandum and most of the subsequent discussion and decisions on
8 balancing the budget for next year will focus primarily on estimated revenues
9 and expenditures of the General Fund.

10
11 Revenues

12
13 Major changes to the revenue projections for FY 2003-2004 as compared to
14 FY 2002-2003 are listed on Attachment B.

15
16 **Alaska Public School Funding Program**—The largest single revenue source to
17 the District comes from the Alaska Public School Funding Program. The School
18 Board and the Administration appreciate the past increases in revenue funding
19 to the Alaska Public School Funding Program. Hopefully, the Legislature will
20 continue to advocate for the students in our communities, by funding an increase
21 in revenues supporting public education.

22
23 This Program is expected to provide approximately 55.5 percent of the District's
24 General Fund revenues. This is based on continuing the same per pupil amount
25 for the base student allocation (\$4,010), and the Quality School Grant allocation
26 (\$16) per adjusted average daily membership (ADM). Based on current
27 enrollment projections, the amount of funding for FY 2003-2004 is \$196.7 million,
28 which is \$3.9 million less than the current FY 2002-2003 budget. This is a result
29 of the projected special education intensive enrollment for FY 2003-2004 being
30 less than projections and actual identification for the current year. Also Whaley
31 School falls into a different funding category based on next year's projections of
32 serving less than 200 students. In addition, the State assessed property valuation
33 for the Municipality increased \$942 million, which results in a larger required
34 deduction causing a loss of approximately \$2.0 million in the Public School
35 Funding formula calculation.

36
37 The *Alaska Public School Funding* program is based on the (ADM)—determined
38 by the District's enrollment and special education intensive count—processed
39 through a school size factor and special needs formulae to establish the District's
40 "basic need." The required local share and a percentage of the Federal Impact
41 Aid funding that the District receives for Federally-connected students is then
42 subtracted from the "basic need" to determine revenue. The Public School
43 Funding formula defines the required local share as being the lesser of 45
44 percent of the preceding years "basic need" or 4 mills times one-half of the
45 annual increase since base year 1999. The State assessment includes full and

1 true valuation of local real estate, inventory and other taxed personal property
2 for the second preceding year, added to the prior year's required local effort.
3 An increase to the assessed valuation reduces the potential amount of Public
4 School Funding revenue. The Alaska Department of Community and Economic
5 Development has notified the District that the assessed valuation for Anchorage
6 has increased from \$18.262 to \$19.204 billion.
7

8 **Learning Opportunity Grant (LOG)**—The projections include continuation of
9 LOG funding approved by the Legislature. The amount included in these
10 projections is \$8,711,750, based on the projected ADM for FY 2003-2004.
11

12 **Section 93 of Senate Bill 2006**—The Twenty-second Alaska State Legislature
13 and the Governor approved \$1.922 million of additional funding to be used for
14 programs and services. The projections included in this memorandum assume
15 the continuation of this funding for FY 2003-2004.
16

17 **Local Property Taxes**—Local property tax contribution is the District's second
18 largest General Fund revenue source. Projected local property tax revenue for
19 FY 2003-2004 is based on requesting the full amount of taxes available under the
20 local property tax limitation. The local property tax limitation provides for an
21 annual adjustment for inflation, five-year Anchorage population change and
22 new construction.
23

24 The projected inflation rate used for planning purposes was 2.0 percent. This
25 preliminary estimate was the rate being used by both the District and the
26 Municipality of Anchorage in the property tax limitation calculations. The U.S.
27 Department of Labor, Bureau of Labor Statistics published on February 21, 2003,
28 the 2002 Consumer Price Index (CPI) rate for Anchorage of 1.90 percent. The
29 CPI resulted in a loss of local tax revenues of \$114,373. As determined by the
30 State Department of Community and Regional Affairs, the five-year Anchorage
31 municipal population change used for planning purposes was .78 percent.
32 However, the Office of Management and Budget for the Municipality of
33 Anchorage notified the District on February 18, 2003, that the average was
34 increased to 1.1 percent. This resulted in an increase of \$365,994 for a combined
35 total net increase of \$251,621. The accompanying ordinance, AO NO. 2003-45,
36 submitted for Assembly approval reflects the increased tax appropriation. This
37 adjustment, however, does not include any updated information on 2002 new
38 construction and property improvement that may adjust the local tax amount
39 allowed under the tax cap limitation. If the new construction and property
40 improvement adjustment is known before the Assembly takes action on the
41 School District's FY 2003-2004 Financial Plan, the District will submit an "S"
42 version to this Ordinance if further adjustments need to be made.
43

44 It is requested that the tax adjustment related to the CPI, population change and
45 increased taxes allowed on new construction or property improvement, for an

1 increase to the General Fund of approximately \$6.827 million, be approved. This
2 increase in local taxes in the General Fund is partially offset by a decrease of
3 \$6.726 million in local taxes in the Debt Service Fund. The net result for calendar
4 2003 will be a reduction of \$18 in taxes per \$100,000 of assessed valuation. Based
5 on the estimated 2003 total assessed valuation verified by the Municipality on
6 February 18, 2003, it is anticipated that the mill levy will be reduced from 7.81
7 mills to 7.63 mills.

8
9 **Federal Impact Aid**—The revenue projection for Federal Impact Aid has been
10 projected at 100 percent of projected entitlement, an anticipated increase of \$1.3
11 million from the FY 2002-2003 budget amount of \$10.5 million for a total of \$11.8
12 million based on FY 2001-2002 actuals.

13
14 The amount of Federal Impact Aid revenue each year is uncertain because it is
15 subject to pro-ration based on the annual funding appropriated by Congress. In
16 addition, the percentage of the total number of federally-connected students to
17 the total number of students the State has direct responsibility for—including
18 military students, children educated at Mt. Edgecumbe and State correspondence
19 (Alyeska)—and potential formula changes, could result in fluctuations in Federal
20 Impact Aid funding to the District. This coupled with the fluctuation from year-
21 to-year in the number of students living on military land, which can partially
22 result from on base/post housing renovations, adds to the uncertainty of Federal
23 Impact Aid revenue during the budget process. This Program is subject to
24 annual Congressional appropriation and should be monitored. We also do not
25 know, for example, if the District will receive prior year adjustment payments
26 during FY 2003-2004.

27
28 **Fund Balance**—The District's undesignated fund balance for the General Fund
29 is a potential one-time source of revenue. Deciding the appropriate level of
30 fund balance required for a contingency reserve requires an exercise of
31 judgment. Industry standards recommend undesignated fund balances or
32 contingency reserves remain between 3 to 5 percent of the budget. The
33 undesignated fund balance needs to be maintained to protect against shortfalls
34 in revenue collection, to allow for adequate cash flow management, and to
35 provide the financial ability to meet emergencies.

36
37 Based on approval from the School Board, the Administration has included
38 \$5.044 million of fund balance as a revenue source to reduce the fiscal gap and to
39 avoid some reductions in various District activities. Using \$5.044 million of fund
40 balance will provide an undesignated fund balance of \$18.530 million or 5
41 percent of the FY 2003-2004 projected budget of \$369.7 million. The unreserved
42 fund balance as of June 30, 2003 will be equal to or greater than 8.25 percent of
43 revenues from local tax appropriations for all funds as agreed to by the District
44 to support strong bond credit ratings.

1 **Pupil Transportation Reimbursement**—The FY 2003-2004 revenue projections
2 for Pupil Transportation are based on full funding for the District and
3 contracted routes, less hazardous routes. The projections include State
4 reimbursement for the additional twenty bus routes to transport Wendler
5 Middle School students to Dimond High School during the renovation of
6 Wendler Middle School.

7
8 **User Charges and Fees**—For the FY 2003-2004 budget, fees will continue to be
9 assessed for musical instrument usage, ASD documents, High School and
10 Middle School Student Activity fees, High School parking fees, summer school,
11 credit course training fees, rental fees and fees for Community Education.
12 Based on input from the School Board, rate increases have not been
13 incorporated in these projections.

14
15 **Medicaid**—Based on FY 2001-2002 actual revenues and current year projections,
16 it is estimated that the District will receive approximately \$900,000 in Medicaid
17 funding based on information from the Alaska Department of Education and
18 Early Development (DEED).

19
20 **E-Rate**—The District has not received notification from the School and Libraries
21 Division of the Universal Service Administrative Company if the District's
22 application for E-rate funds for school facility communication upgrades for
23 FY 2002-2003 school year has been approved for all eligible services. Included in
24 these projections for FY 2003-2004 is the same revenue of \$1.148 million
25 anticipated for FY 2002-2003. These funds are included in the budget as a
26 revenue source, offset by corresponding communications expenditures.

27
28 Expenditures

29
30 Primarily student and program needs and a commitment to use the funds
31 economically drive expenditure projections. Recommendations submitted from
32 the community town meetings, other interested community members who
33 submitted suggestions by e-mail or by regular mail, staff, students, and the
34 administration, were considered and incorporated into the budget where
35 appropriate. The major changes in budgeted expenditures between FY 2003-2004
36 and FY 2002-2003 are included on Attachment C.

37
38 **Salaries and Benefits**—Employee salaries, wages, and benefits are projected to
39 be approximately 85 percent of the operating cost of the District. The
40 projections include a full contract opener for Anchorage Council of Education
41 (ACE), a salary re-opener including the minimum wage requirement for
42 Teamsters 959 (Bus Drivers and Attendants) and compensation consideration
43 for Exempt personnel. Compensation provisions for completed contracts have
44 been included in the projections. Funding for mandatory retirement and

1 payroll tax adjustments known at this time is also included in the expenditure
2 projections.

3
4 **Average Teacher Salary**—Review and analysis of the current teacher salaries,
5 has been made to assist in determining the average teacher salary to be used in
6 the budgeting process for FY 2003-2004. Contributing factors that determined
7 the average teacher salary used included the salary schedule increase,
8 projections of current staff step increases, historical information of educational
9 attainment, projected turnover and vacancies at any given time.

10
11 **Staffing**—Staffing requirements have been adjusted based on the official
12 student projections set forth for September 30, 2003. Official projections are
13 based on actual enrollment throughout the month of September.

14
15 **Certificated Teaching Positions**—Budgeted teaching staff is based on the
16 FY 2002-2003 PTR (pupil to classroom teacher staff ratios). Adjustments have
17 been included for staffing based on enrollment changes and for staff
18 requirements based on rural-urban transitioning and immigration from other
19 countries that provides the District with a wealth of opportunities with 92
20 languages spoken in the Anchorage schools.

21
22

23 Kindergarten (FTE)	20.5 to 1
24 Grades 1	21 to 1
25 Grade 2-3	24 to 1
26 Grades 4-6	27 to 1
27 Grades 7-8	25.54 to 1
28 Grades 9-12	27.08 to 1
29 Special Education	Staffing is based upon 30 Demonstrated need and 31 Program (consistent with 32 current year)

33 **Indirect Cost**—In addition to charging eligible grants, the Administration plans
34 to continue the practice for charging the Food Service Fund the State approved
35 indirect cost rate. This more accurately reflects the cost of services provided the
36 Food Service Fund by various departments budgeted in the General Fund.

37
38 **Contracted Services**—Where appropriate, an inflationary adjustment to
39 contracts were allowed. A very close review of actual contracted services
40 determined if inflationary increases are warranted. If other known rate
41 increases were warranted or new mandated requirements, such as the disposal
42 costs for surplus computer monitors and televisions, they were included in the
43 budget. Utilities are budgeted based on analysis of usage and are adjusted
44 according to projected rate increases and/or decreases as announced by the
45 utility agencies. With rate adjustments and review of actual expenditures, two
46 percent to eight percent increases for the utilities are projected.

1 **Pupil Transportation**—Contracted pupil transportation routes for FY 2003-2004
2 include an estimated increase based on COLA and the minimum wage
3 adjustments for drivers, three and one half special education routes for Whaley
4 School and pre-school. Also included in the projections are the expenditures
5 associated with the closing of Wendler Middle School and transporting the
6 students to Dimond High School while Wendler is under construction.
7

8 **Major Maintenance**—The Administration recommends maintaining the
9 funding level for major maintenance projects of \$2.674 million for some of the
10 District's more than 89 school facilities. As our facilities continue to age,
11 periodic maintenance must take place on a regular basis to keep the buildings in
12 good repair for optimum safety and efficiency. The community has voiced
13 strong support for prioritizing this use of funds.
14

15 **Supplies**—Where appropriate, an inflationary adjustment to supply
16 appropriations were allowed. Some departments, however, may show an
17 increase in supplies based on departmental need to service the total District
18 program requirements (i.e., fuel requirement to run District vehicles, Great
19 Body Shop books). The current projections include the same school supply and
20 equipment per pupil allocation as in the current year. Also included is the
21 continuation of emergency shelter supplies for schools serving as shelters in the
22 event of a major emergency.
23

24 **Equipment**—Replacement equipment purchases between \$5,000 and \$50,000
25 will be purchased from the Equipment Replacement Fund. The FY 2003-2004
26 Proposed Financial Plan includes only a small amount of funds for replacement
27 or new equipment other than the amount included in the student
28 supply/equipment allocation.
29

30 **New Positions**—The following positions have been included in the FY 2003-2004
31 budget to sustain the District's ability to meet its operational obligations:
32

- 33 • One (1) FTE Director of Security and Emergency Preparedness
34 position is being added to focus on a coordinated effort relating to
35 school district crisis planning, security management and reporting
36 and emergency preparedness and training.
- 37 • One (1) FTE Administrative Assistant position is being added to
38 provide clerical support to the Director of Security and Emergency
39 Preparedness.
- 40 • One (1) FTE Testing and Program Evaluation Coordinator position is
41 being added to focus on the disaggregation of data to provide
42 teachers with a tool to identify which students require additional
43 assistance, to assist with the evaluation of various programs, to
44 address the recommendation in the curriculum audit, and No Child
45 Left Behind (NCLB) mandate.

- 1 • One (1) Senior Clerk position is being added to provide clerical
2 assistance in Pupil Transportation to assist with the additional
3 logistics of the Wendler to Dimond transport of students due to
4 construction at Wendler and special education routing.
- 5 • Fourteen (14) bus driver positions are being added to serve pupil
6 transportation. Ten (10) of the positions are for the bus routes to
7 transport Wendler students to Dimond and four (4) positions are
8 added as backup for districtwide routes.
- 9 • One (1) Auditorium Technician position is being added to eliminate
10 the 900 hours of overtime for the current staff and the opening of the
11 new Dimond High School auditorium.
- 12 • One (1) FTE co-principal position is being added to Central to support
13 the school functions while the principal serves as President of the
14 National Association of Secondary School Principals (NASSP).
15 NASSP will be reimbursing the Anchorage School District two-thirds
16 of the President's salary.
- 17 • Three (3) FTE counseling positions have been added at the elementary
18 level using Learning Opportunity Grants funds. Two of these
19 positions are currently funded by a grant through the end of the 2002-
20 2003 school year.
- 21 • Two (2) FTE counseling positions and two teacher assistant positions
22 are being added at the elementary level using Learning Opportunity
23 Grant funds. These positions will continue supporting the "Creating
24 Successful Futures" program at Williwaw Elementary School. The
25 grant that currently supports this program ends June 2003.
- 26 • One (1) FTE assistant principal for Wendler Middle School was added
27 to provide administrative support during the school construction
28 period and with transporting students to Dimond High School during
29 this period.

30 31 OTHER FUNDS

32
33 **Food Service Fund**—This fund is used to budget and account for operations of
34 the Student Nutrition Program. The budget for this fund covers both the direct
35 and indirect cost of providing meals to students. These costs include all payroll
36 costs, including increased hours for staff, food costs, the cost of support services
37 equipment repair and replacement costs, and indirect overhead charges. The
38 FY 2003-2004 budget has been increased from \$12.200 million to \$13.043 million
39 to accommodate the employee-negotiated contracts, the contract openers for
40 Food Service and Anchorage Council of Education (ACE) personnel, upward
41 movement in food costs, and increase in the indirect costs. The custodian
42 position was increased from one-quarter (.25) FTE to a one-half (.5) FTE
43 position. The Central Kitchen Personnel increased one and one third (1.3) FTE
44 due to an increase in the hours for the catering position (.55 FTE) and the extra
45 kitchen help for the new doughnut operation (.75 FTE). The Middle School

1 Kitchens have added staff (1.625 FTE) due to the projected increases in meal
 2 participation at the Middle Schools. The staffing at all High School Kitchens is
 3 increasing (2.213 FTE) to provide faster service during meal serving time. A
 4 Craft Specialist (plumber) position (1.0 FTE) was added to Food Service --
 5 Maintenance/Delivery.

6
 7 The revenue sources for the Food Service Fund budget includes revenue from
 8 meal sales, and Federal reimbursement for meals served. Based on a School
 9 Board revision of the budget, the price of fully-paid lunches for elementary and
 10 middle school students, were increased \$.10 per meal instead of \$.15 as
 11 recommended by the Administration. The price increase of an adult fully-paid
 12 breakfast by \$.20, the price increase for the adult fully-paid lunch by \$.15, and
 13 the price increase for the student fully-paid breakfast by \$.10 remained the same
 14 as proposed by the Administration. The following schedule shows the price
 15 increases for FY 2003-2004 as compared to the current year.

	<u>FY 2002-2003</u>	<u>FY 2003-2004</u>	<u>Increase</u>
18 Fully-Paid Breakfast			
19 Elementary	\$.85	\$.95	\$.10
20 Middle Level	.85	.95	.10
21 Adult	1.05	1.25	.20
22 Fully-Paid Lunches			
23 Elementary	\$2.20	\$2.30	\$.10
24 Middle Level	2.60	2.70	.10
25 Adult – Elementary	2.60	2.75	.15
26 Adult – Middle	2.80	2.95	.15

27
 28 The last price increase was in FY 2001-2002 when fully-paid breakfasts and
 29 lunches were increased \$.10.

30
 31 In addition, the School Board recommended using \$74,265 of Fund Balance for
 32 the FY 2003-2004 Food Service Fund budget to balance the revenues with
 33 expenditures. The undesignated fund balance for the Food Service Fund as of
 34 June 30, 2002 was approximately \$462,000. The use of \$74,265 of fund balance
 35 will reduce the undesignated fund balance amount to approximately \$387,735,
 36 which is 2.97 percent of the FY 2003-2004 Food Service Fund budget as presented
 37 in this memorandum. It is projected that no local tax support will be required for
 38 the Food Service Fund in FY 2003-2004.

39
 40 **Debt Service Fund**—This fund is used to budget and account for principal and
 41 interest payments on existing school bonds as well as the revenues necessary to
 42 fund these expenditures. Some of the District's bonds receive State debt
 43 reimbursement, which varies depending on the year in which the bond
 44 proposition was approved. Based on statewide voter approval of Proposition C
 45 on November 5, 2002, taxes for the Debt Service Fund will decrease beginning
 46 FY 2003-2004. The reduction will be determined by which voter-authorized

1 bonds since June 30, 1999 are approved for 60 percent or 70 percent State debt
 2 reimbursement. Upon approval from DEED, the administration will bring
 3 forward, revisions to the Debt Service Fund incorporating necessary adjustments
 4 to taxes and State debt reimbursement funding.

5
 6 Due to savings incurred from the sale of new bonds at lower than anticipated
 7 interest rates and refinancing outstanding bonds, the District is able to use
 8 accumulated fund balance as a revenue source, thereby reducing the amount of
 9 local taxes. Potential bond propositions for April 2003 have not been included in
 10 the projections.

11
 12 **Local / State / Federal Projects Fund**—Expenditures in the Local/State/Federal
 13 Projects Fund are offset by matching revenues. The District continues to be
 14 successful in increasing grant funding from various State and Federal agencies
 15 and other sources. Revenues available through grants for these projects include
 16 competitively awarded grant funds—most of which are subject to federal and
 17 State annual appropriations. It is projected that budgets for FY 2003-2004 grants
 18 will remain the same until further acknowledgement from federal legislation.

19
 20 **FISCAL YEAR BUDGET COMPARISON**

21
 22 The following schedule compares by fund the FY 2003-2004 projected
 23 revenue/expenditures with those currently approved for FY 2002-2003.

24
 25 **REVENUE/EXPENDITURE BUDGETS**

Fund	Revised Budget FY 2002-2003	Proposed Budget FY 2003-2004	% Over /(Under) Prior Year
General	\$360,368,861	\$369,952,021	2.66%
Food Service	12,200,000	13,043,000	6.91%
Debt Service	51,038,651	58,394,385	14.41%
Local/State/Federal Projects	40,000,000	40,000,000	
Contingency	<u>610,655</u>	<u> </u>	(100.00%)
All Funds	<u>\$464,218,167</u>	<u>\$481,389,406</u>	3.70%
TAXES			
	Revised FY 2002-2003	Proposed Budget FY 2003-2004	Increase (Decrease)
General Fund	\$114,373,207	\$121,200,014	\$6,826,807
Debt Service	<u>28,581,375</u>	<u>21,855,607</u>	<u>(6,725,768)</u>
All Funds	<u>\$142,954,582</u>	<u>\$143,055,621</u>	<u>\$ 101,039</u>

1 Based on the estimated 2003 total assessed valuation verified by the
2 Municipality on February 18, 2003, it is anticipated that the mill levy will be
3 reduced from 7.81 in 2002 to 7.63 mills in 2003. The increase of \$101,039 of
4 overall taxes being requested for FY 2003-2004 will still result in an \$18
5 reduction in taxes per \$100,000 of assessed valuation.

6
7 Based on statewide voter approval of Proposition C on November 5, 2002, the
8 taxes for the Debt Service Fund will decrease beginning FY 2003-2004. The
9 reduction will be determined by which voter-authorized bonds since
10 June 30, 1999 are approved for 60 percent or 70 percent State debt
11 reimbursement. If approval from DEED is received prior to the budget being
12 approved by the Assembly, the District will submit an "S" version to the
13 corresponding Ordinance if further adjustments need to be made.

14 STUDENT ENROLLMENT PROJECTIONS

	FY 2002-2003	FY 2003-2004	Change
	Actuals	Projected	Over Prior
	<u>Sept. 30, 2002</u>	<u>Sept. 30, 2003</u>	<u>Year's Actual</u>
21 Enrollment	50,029	50,222	193
22 Full Time Equivalent (FTE)	49,791	49,926	135

23 SUMMARY

24 **The Anchorage School District requests your full support for this budget.**
25 The FY 2003-2004 Proposed Financial Plan is consistent with the School Board's
26 continuing commitment to providing the best possible educational program for
27 every child within available resources. It has been prepared with special
28 attention to programs that help students achieve the high educational standards
29 set by this community, the State of Alaska and the No Child Left Behind
30 (NCLB) mandate.
31
32

33
34 Respectfully Submitted,

35 *Carol S. Comeau*

36 Carol S. Comeau
37 Superintendent
38

39
40 msl
41 Attachments



Anchorage School District Mission Statement

The mission of the Anchorage School District is to educate all students for success in life.

School Board Goals

Adopted January 13, 2003

Ongoing Overall Goals

Increase student **academic achievement** using data to guide adoption of curriculum, methods, materials, and professional development specifically designed to ensure that each group as designated by No Child Left Behind and the Quality Schools Initiative makes adequate yearly progress.

Establish and maintain a **supportive and effective learning environment** by providing safe, caring, barrier-free schools; promoting health and wellness; continuing to retain, recruit and train highly qualified staff; challenging each student academically; maximizing opportunities for lifelong learning; offering extracurricular activities; and collaborating with other community agencies where appropriate.

Ensure **public accountability** through continued participation in the State and Federal required testing programs; continued preparation and publication of the Profile of Performance, budget basics, and budget and bond summaries; effective consultation with community to ensure wise use of financial resources and responsible construction and maintenance of facilities; and effective communication with students, staff, parents, community and government at all levels.

Measurable Achievement Goals

We, the Anchorage School Board, Superintendent and District staff commit that:

1. Students will demonstrate increased academic achievement as indicated by improved performance on State and District measures of academic performance. Each student group will make adequate yearly progress toward meeting Anchorage and State Benchmarks for reading, writing, and math.

Performance will be assessed on:

- a. Alaska Benchmark Exams (Grades 3, 6, 8)
- b. Terra Nova Basic Skills Exams (Grades 4, 5, 7, and 9)
- c. Alaska High School Graduation Qualifying Exam

These various assessments will provide information on the status of student group performance at grade levels three through ten.

2. A higher percentage of students in each group will master basic skills and strategies to read independently by the end of the third grade as indicated by:
 - a. Meeting the Alaska standard for performance on the grade three Alaska Benchmark Reading Exam
 - b. Teacher diagnosis of student needs through teacher pre and post assessments using a variety of measures as well as teacher observation and judgment.

3. A higher percentage of students in each group will demonstrate a high level of math skills and a lower percentage will demonstrate a deficient level of math skills at the end of each grade level in grades three through ten. Performance will be assessed based on:
 - a. The percentage of students in each group who meet State standards in mathematics as indicated on Alaska Benchmark Examinations, Terra Nova, and the Alaska High School Graduation Qualifying Exam will increase.
 - b. The percentage of students in each group who successfully complete Algebra I in grade eight, Geometry in grade nine, and Algebra II in grade 10 will increase. Grades earned in each class will also be reported.
 - c. Successful completion by students in Algebra classes for each middle and high school will be reported by student grade level.
4. There will be a decrease in the dropout rate of middle and high school students as compared to the 2001-2002 school year.
5. There will be an increase in the number of students scheduled to take AP courses for the 2003-2004 school year. Counselors will review students' PSAT data as one criterion determining possible students for AP courses.

ANCHORAGE SCHOOL DISTRICT
GENERAL FUND
SUMMARY OF MAJOR BUDGETED EXPENDITURE INCREASES AND REDUCTIONS
AND SCHOOL BOARD ACTIONS
FY 2003-2004 COMPARED TO FY 2002-2003

FY 2002-2003 Revised Budget **\$ 360,368,861**

Major Budgeted Revenue Reductions:

Alaska Public School Funding Program	(3,915,319)
Learning Opportunity Grant	(14,278)
Facilities Rentals	(15,000)
Total Major Budgeted Revenue Reductions	(3,944,597)

Adjusted Revenues After Reductions 356,424,264

Major Budgeted Revenue Increases:

* Use of Fund Balance	5,044,000
** Tax Appropriation	6,826,807
Federal Impact Aid	1,300,000
Tuitions	100,000
Pupil Transportation	75,900
McLaughlin Youth Detention Grant	44,000
R.O.T.C.	30,000
Interest Earnings	25,000
National Association of Secondary School Principals (NASSP) reimbursement	37,000
Other Local Revenues	45,050
Total Major Budgeted Revenue Increases	13,527,757

FY 2003-2004 Proposed Revenue Budget **\$ 369,952,021**

Summary Totals:

FY 2002-2003 Revised Revenue Budget, August 26, 2002	\$ 360,368,861
Net Change (total of revenue reductions and increases)	9,583,160
FY 2003-2004 Proposed Revenue Budget	\$ 369,952,021

* School Board adjustments.

** As of February 21, 2003, this amount includes a net increase of \$251,261 based on updated information related to the Consumer Price Index (CPI) and five-year average Anchorage municipal population revisions.

ANCHORAGE SCHOOL DISTRICT
GENERAL FUND
SUMMARY OF MAJOR BUDGETED EXPENDITURE INCREASES AND REDUCTIONS
AND SCHOOL BOARD ACTIONS
FY 2003-2004 COMPARED TO FY 2002-2003

FY 2002-2003 Revised Budget **\$ 360,368,861**

Major Expenditure Increases & Decreases:

Districtwide

Pending Negotiations	1,865,000
Previously Settled Employee Contracts	6,110,310
Teacher's Retirement System Increase from 11% to 12%	1,530,944
* Unallocated Net Adjustment based on CPI and 5-Year Population	251,621
Workers' Compensation Rate Increases	106,463
Property Insurance	153,000
** Computer/TV Monitors Disposal Fee (Reduced from \$88,500)	65,000
Utility Rate Increases (2% to 8%)	258,499
Total Districtwide Increases:	10,340,837
Personal Leave (Mandated Reporting Change)	(404,931)
Unemployment Rate Decrease from .1092% to .1028%	(14,873)
PERS Rate Decrease from 9.35% to 9.25%	(60,949)
Indirect Cost	(234,674)
Equipment Replacement Fund	(213,964)
Redemption of Principal on Long-Term Debt	(37,572)
Liability Insurance (Mandated Reporting Change)	(53,000)
Total Districtwide Decreases:	(1,019,963)
Total Districtwide Changes:	9,320,874

Elementary

Elementary School Counselors - Creating Successful Futures (5.0 FTE)	319,000
Teacher Aides - Creating Successful Futures (2-3.5 hour assistants - .875 FTE)	19,659
Full Day Kindergarten Aides - Various schools (1.658 FTE)	17,194
Textbooks - The Great Body Shop	170,000
Total Elementary Increases:	525,853
Elementary & Secondary Classroom Teachers - Enrollment Reduction (10 FTE)	(638,000)
Recruitment Incentive - Unallocated	(4,000)
Bus Stop Monitors for transporting Denali Students to Kennedy Elementary School	(15,000)
Unallocated Adjustments (Converted to FTE staff for Creating Successful Futures)	(337,500)
New Equipment (One-time computer purchase for teachers)	(1,100,000)
Total Elementary Decreases:	(2,094,500)
Total Elementary Change:	(1,568,647)

Charter Schools

Family Partnership Enrollment Adjustment	34,852
Total Charter Increases:	34,852
Other Charter School Reductions (largely due to change in indirect cost rate)	(41,191)
Total Charter Decreases:	(41,191)
Total Charter Change:	(6,339)

Special Education

Special Service Teacher - Pilot Gifted Program at Chugach Optional Transferred from Deaf Program (.5 FTE)	31,900
Special Service Teacher - Pilot Gifted Program at Rogers Park (1.0 FTE)	63,800
Related Services Specialists - Speech/Language (10.6 FTE)	505,095
Behavior Strategists - Psychology (3.0 FTE)	142,869
Occupational Therapist Aide - OT/PT Transferred from Deaf Program (.5 FTE)	20,906
Building Rental - Crossroads Program	25,550
Total Special Education Increases:	<u>790,120</u>

Special Service Teacher - Deaf Transferred to Gifted (.5FTE), O.T/P.T (.5FTE,) Psychology (1.0 FTE)	(127,600)
Special Service Teachers - Speech/Language to pay for Related Services Specialists (8.5 FTE)	(542,300)
Supplies for Mt. Iliamna Students Transferred to Elementary Schools	(18,000)
Substitute Teachers - Classified/Certificated (Gifted, Blind/Visually Impaired, OT/PT, Psychology)	(50,861)
Total Special Education Decreases:	<u>(738,761)</u>
Total Special Education Change:	51,359

Bilingual Education

Additional Bilingual Tutors (10 positions - 8.75 FTE)	259,342
Total Bilingual Increases:	<u>259,342</u>

Middle Schools

Middle School Classroom Teachers Based on Enrollment & Middle School Concept (12 FTE)	765,600
** Assistant Principal - Wendler (1.0 FTE)	79,500
Assistant Principal - Polaris (1.0 FTE)	79,500
Co-Principal - Central (1.0 FTE)	85,000
Supply/Equipment Allocation Based on Student Enrollment and Emergency Funds	30,495
Total Middle School Increases:	<u>1,040,095</u>

Counselor - Polaris (1.0 FTE) (Reallocated to Assistant Principal)	(63,800)
Recruitment Incentive - Unallocated	(4,000)
On-Line Testing	(50,000)
Leadership In-Service	(50,000)
Middle School Data	(52,000)
Total Middle School Decreases:	<u>(219,800)</u>
Total Middle School Change:	820,295

High Schools

High School Classroom Teachers (8.0 FTE) for Enrollment	510,400
Supply/Equipment Allocation Based on Student Enrollment	20,700
Principal - Continuation School (1.0 FTE)	86,769
Administrative Assistant - Continuation School (Increase from 1/2 year to full year)	26,847
ROTC Instructor Salaries (Determined per Agreement w/Department of Defense)	54,258
Neighborhood Patrol Officer for 6 High Schools (2.628 FTE) (transferred from Unallocated)	79,730
Girls Hockey Officials, Uniforms, Safety Gear, Ice Time	74,500
ASAA Dues (Increase of \$1 per student and student participation)	23,704
Total High School Increases:	<u>876,908</u>

High School Continued

Textbooks - Alaska Studies Supplies & Materials	(50,000)
** Contracted Services - Instructional	(12,000)
Recruitment Incentive - Unallocated	(4,000)
Contracted Services - Northwest Accreditation School Team Visits	(15,500)
Building Rent - Continuation School	(30,000)
Activity/Field Trips (Transferred to Girls Hockey Ice Time)	(16,200)
Unallocated Adjustments for Neighborhood Patrol Officers (transferred to positions)	(100,000)
LOG funds transferred to the Continuation School to Support FTE positions	(59,350)
Supplies & Equipment - Continuation School	(52,500)
New Equipment (One-time purchase of computers)	(255,000)
	Total High School Decreases: (594,550)
	Total High School Changes: 282,358

Instructional Support

Testing & Program Evaluation Coordinator - Assessment & Evaluation (1.0 FTE)	79,633
Curriculum & Instructional Services - Alaska Studies Program (Added Days)	50,000
	Total Instructional Support Increases: 129,633

Curriculum & Instructional Services - Science Kits	(200,000)
Curriculum & Instructional Services - Textbook Adoptions	(285,000)
Training & Professional Development - Contracted Services Administration (Teacher Induction Module)	(75,000)
Training & Professional Development - Added Days (Cooperative Teacher Training) Reduced by 1/2	(38,000)
Training & Professional Development - Learning Through Performance	(25,000)
Assessment & Evaluation - Local Writing Assessment	(131,000)
Curriculum & Instructional Services - AKCIS Software License (\$8,000) Contracted Services (\$10,000)	(18,000)
	Total Instructional Support Decrease: (772,000)
	Total Instructional Support: (642,367)

Administration/Support Services/Community Education & Community Services

Director - Security/Emergency Preparedness (1.0 FTE)	97,243
Administrative Assistant - Security/Emergency Preparedness (1.0 FTE)	39,507
Auditorium Technician - Community Services (1.0 FTE)	62,190
Senior Clerk - Pupil Transportation (1.0 FTE)	27,800
Wendler to Dimond - District (7.5 FTE)/Contracted Routes	761,000
4 Standby Bus Drivers - Pupil Transportation (3.0 FTE)	97,128
Recruitment - Human Resources	30,000
Mandated Requirements - Increased Cost Cesspool Pumping, Quarterly Groundwater Monitoring, Sprinkler System Testing, Relocatable Zoning Permits, etc.	148,000
Camper Host Program, Security Services, False Alarms Charges	35,500
Utility Monitoring of Pools	20,000
Fuel	32,991
Legal Fees	50,000
Custodial Supplies	36,740
	Administration/Support Services/Community Education & Community Services Increases: 1,438,099

Administration/Support Services/Community Education & Community Services Continued

Contracted Transportation	(233,820)
4 Bus Attendants - Pupil Transportation (2.275 FTE)	(65,007)
Unallocated Adjustments	(62,000)
New, Expendable & Replacement Equipment	<u>(17,946)</u>
Total Administration/Support Services/Community Education & Community Services Decreases:	<u>(378,773)</u>
Total Administration/Support Services/Community Education & Community Services Change:	1,059,326
Total Major Budgeted Expenditure Increases	15,435,739
Total Major Budgeted Expenditure Reductions	<u>(5,859,538)</u>
Net Change	<u>9,576,201</u>
Rounding	6,959
FY 2003-2004 Proposed Budget	<u>\$ 369,952,021</u>

* Based on Consumer Price Index (CPI) and 5-year average Anchorage municipal population revisions.

** School Board adjustments.

The amount of previously settled employee contracts is listed under Districtwide on this schedule. In the actual budget document, these increases have been distributed to the appropriate department budgets.

Municipality of Anchorage
MUNICIPAL CLERK'S OFFICE
Agenda Document Control Sheet

AO 2003-45

(SEE REVERSE SIDE FOR FURTHER INFORMATION)

1	SUBJECT OF AGENDA DOCUMENT	DATE PREPARED
	An ordinance determining and approving the total amount of the annual operating budget of the Anchorage School District for its fiscal year 2003-2004 and determining and appropriating the portion of the Assembly approved budget amount to be made from local sources.	March 3, 2003
		Indicate Documents Attached <input checked="" type="checkbox"/> AO <input type="checkbox"/> AR <input checked="" type="checkbox"/> AM <input type="checkbox"/> AIM
2	DEPARTMENT NAME	DIRECTOR'S NAME
	Chief Financial Officer	Janet Stokesbary, Chief Financial Officer
3	THE PERSON THE DOCUMENT WAS ACTUALLY PREPARED BY	HIS/HER PHONE NUMBER
	Janet Stokesbary, Chief Financial Officer	907-742-4369
4	COORDINATED WITH AND REVIEWED BY	INITIALS
	Mayor	
	Heritage Land Bank	
	Merrill Field Airport	
	Municipal Light & Power	
	Port of Anchorage	
	Solid Waste Services	
	Water & Wastewater Utility	
	Municipal Manager	
	Cultural & Recreational Services	
	Employee Relations	
	Finance, Chief Fiscal Officer	
	Fire	
	Health & Human Services	
	Office of Management and Budget	
	Management Information Services	
	Police	
	Planning, Development & Public Works	
	Development Services	
	Facility Management	
	Planning	
	Project Management & Engineering	
	Street Maintenance	
	Traffic	
	Public Transportation Department	
	Purchasing	
	Municipal Attorney	
	Municipal Clerk	
	Other: Anchorage School District	
	Carol Comeau, Superintendent	<i>C. Comeau</i> March 3, 2003
	Janet Stokesbary, Chief Financial Officer	<i>Janet Stokesbary</i> March 3, 2003
5	Special Instructions/Comments	
	CLEANED OFFICE 2003 FEB 24 AM 8:30 MAR 3 CFW W. H. H.	
6	ASSEMBLY HEARING DATE REQUESTED	PUBLIC HEARING DATE REQUESTED
	March 3, 2003	March 18, 2003