



1 Ms. Comeau introduced Mr. Dick Cattanach and Mr. Chris Tuck. These gentlemen presented an  
2 overview of the Annual Report of the Education Workforce Advisory Commission. The Commission  
3 recommended that the Municipality of Anchorage Assembly approve the Anchorage School District Fiscal  
4 Year 2007-2008 budget in the amount of \$697,656,948.

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6 Mr. Cattanach pointed out that, in the estimation of many members of the Education Workforce Advisory  
7 Commission, the School District is going to face public criticism over the budget, which is up over 13%  
8 overall while enrollment is done. However, when the PERS/TRS impact is removed the budget increase  
9 is approximately 2.5% which is less than the rate of inflation in the Anchorage area over the past year.  
10 So, adjusted for inflation and without the PERS/TRS, the proposed budget is in line with what is  
11 happening with enrollment.

12  
13 While the Commission recommended support of the budget it also made several important suggestions to  
14 help find creative solutions to issues they believed the District will face in the future. Mr. Cattanach noted  
15 that each year the District starts the budget process by having to look at a budget deficit. Each year the  
16 District has to go to Juneau to get additional funds. The Commission believed that the District needs to  
17 have a five-year planning budget to help them address the chronic funding shortfalls that seem to occur  
18 with each budget cycle. Such a program would help them develop a sustainable educational program for  
19 the delivery of quality education to Anchorage students. The Commission believed that the deficit over  
20 the next five years is likely to be close to \$100 million which is a very serious problem.

21  
22 Other suggestions from the Commission included budgeting for computer replacement every year. He  
23 noted that this was recommended last year and that the District has started initiating such a program and  
24 suggested that they continue to do that and that implementation of the program be a high priority.

25  
26 The PERS/TRS fund deficit requires the participating entities pay additional monies each year for an  
27 undetermined number of years to reduce the deficit. The Commission believed that the issue needs to be  
28 looked at very seriously. The State of Alaska along with ASD, the Municipality and other public entities,  
29 need to come up with a plan to find a long term solution for this problem.

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31 Mr. Cattanach explained that the scope of this Commission, which started out as a budget advisory  
32 commission, had been increased to include workforce development. The Commission believed that more  
33 career pathways are needed throughout the District at all age levels to insure that students leave ASD  
34 with a solid plan for postsecondary education, training or employment.

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36 Mr. Friedman noted that, in past years, the legislators did not want to discuss long-term education  
37 funding. He hoped that things are changing.

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39 Mr. Sullivan pointed out that the Commission's report mentioned under-funded mandates. With federal  
40 monies making up only 3% of the ASD budget, he wondered whether the District had given any thought  
41 to giving up their federal funding which would alleviate the need to comply with the mandates. Mr.  
42 Friedman noted that federal monies make up only 3% of the general fund but comprise a significant  
43 portion of grant funding which includes Title I and Special Education. Ms. Comeau pointed out that  
44 funding for federal mandates, which should be about 40% of costs, has never been above about 16%.  
45 This has been a huge issue since 1975. She noted that the District will continue to serve special  
46 education students because it is the right thing to do and it is the law. Therefore, refusing funding would  
47 make the challenges in providing services even worse. Mr. Sullivan asked for information on the cost of  
48 under-funded mandates.

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50 Ms. Ossiander asked whether there is any sense, based on the conversations with national organizations,  
51 of how much momentum and support the growth model that Senator Murkowski is supporting for No Child  
52 Left Behind has generated. Ms. Comeau noted that the growth model is being pushed nationally. This  
53 model will reward progress in teaching and learning. The Secretary of Education and the President are  
54 very negative on the model but the national push from school boards, superintendents and teachers all  
55 over the country is supportive of it.

1 Mr. Starr noted that the building maintenance is shown at 4.58% of the budget and wondered whether  
2 that is a realistic number. Mr. Cattanach noted that public entities are often rightly criticized for taking the  
3 concept of deferred maintenance to the extreme. They would rather spend the money on operations than  
4 on maintaining the facilities. The Commission has discussed this issue and believed that the District is  
5 doing a good job in maintaining their facilities. Mr. Tuck pointed out that the District might be able to  
6 realize some cost savings in the areas of facility maintenance and landscaping through joint service  
7 agreements with the Municipality and that the Commission had recommended exploring those types of  
8 opportunities.

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10 Mr. Starr noticed that the debt service amount is increasing by about \$2 million. He wondered whether  
11 that amount is predicated on bond approval. With the information that the debt load burden had  
12 decreased by \$85 million over the last several years it would be logical that the debt service would go  
13 down. Ms. Stokesbary explained that the District sold the last of approximately \$49 million of authorized,  
14 un-issued bonds in 2006. The first year reflects only a six-month interest payment. The second year  
15 after the sale there is a full year of interest and a principal payment due on the bonds.

16  
17 Mayor Begich noted that the additional Operations & Maintenance (O&M) on the Begich Middle School is  
18 listed at approximately \$2.7 million. He compared that to the \$2.2 million additional O&M for the  
19 Municipality's new fire station add-on. He questioned whether the District is being realistic in their  
20 estimates for that cost. Ms. Comeau responded that she believed, with the exception of the landscaping,  
21 the District has accurately estimated the costs for O&M. The landscaping of the schools is a huge  
22 community issue. She noted that she is open to do more collaboratively to address landscaping. Mayor  
23 Begich suggested that the District take a look at the numbers on the last two new schools to determine  
24 what was bonded for increased O&M and what was actually needed. Ms. Marie Laule indicated that the  
25 \$2.7 million that Mayor Begich was looking at was, indeed, a significant increase from the projected figure  
26 of \$1.9 million. Mayor Begich encouraged the District to be completely realistic with those figures during  
27 the bonding process rather than attempting to keep the estimates low to make the request more palatable  
28 for voters.

29  
30 Mayor Begich indicated that the Municipality has been looking at bonding for structures for thirty-year  
31 financing. He noted that government manages for cash flow, not equity. He believed that it would be  
32 better to finance on thirty-year mortgages rather than the current practice of twenty-year mortgages.

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34 Discussion on this topic continued following the Mayor's Report.

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37 **6.b. ASD Budget Review and Approval Process**

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39 Ms. Ossiander noted there had been a brief discussion regarding the timing of the submission of the ASD  
40 Budget. She noted that there appears to be a significant lag between the time the School Board  
41 approves the budget and when the Assembly has the opportunity to take it up. She requested a  
42 discussion on the possibility of calendaring the budget earlier so that the public can have more  
43 opportunity to see it and the Assembly has longer to digest it.

44  
45 Ms. Comeau noted that certain times and dates are required by Municipal ordinances and charters. The  
46 District has been finishing their budget around the 10<sup>th</sup> of February. The time necessary to complete the  
47 budget document after that point is dependent upon the number of changes implemented by the Board at  
48 the second reading. The District is required to have the budget package to the Municipality by the first  
49 Monday in March.

50  
51 Mayor Begich noted that a draft of the bond package was sent to the Municipality as soon as it was  
52 completed. This allowed more time for the Assembly to review and discuss the package. He suggested  
53 that the budget be handled in a similar way and that it be sent as an informational memorandum so that  
54 Assembly can hold their worksessions earlier. Mr. Steele reviewed the timeline which includes thirty days  
55 between the date that the Assembly receives the budget and when they are required to act on the budget.  
56 In light of the fact that the District holds public hearings on the budget before it is approved, he wondered  
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1 what additional action the Assembly felt was necessary that required more than those thirty days. Ms.  
2 Ossiander noted that, in her experience, the public hearings are dramatically different before the School  
3 Board than before the Assembly, in that there is a different audience. Additionally she noted that, while  
4 the Assembly does not and should not look at particular dollar amounts for particular activities, they do  
5 have the responsibility for the overall financials. They are regularly questioned and attacked for District  
6 funding, particularly in years when the District is high profile as they are this year. Her desire is to get the  
7 document as soon as it is prepared so that the Assembly can be more prepared and have the opportunity  
8 to react with the community in a meaningful fashion.

9  
10 Mr. Friedman asked whether it would be helpful for the Assembly to get a copy of the draft of the budget  
11 which is available in January. Ms. Ossiander agreed that that would be helpful. Mr. Metcalfe added that  
12 members of the Assembly were welcome to attend the District budget meetings as well.

13  
14 Mr. Sullivan noted that the District is finished with the budget process about a month before it is  
15 forwarded to the Assembly and then the Assembly has about two to three weeks to analyze it before  
16 taking action. He suggested that perhaps the Assembly's Budget Committee needs to be more pro-active  
17 with the District budget and start pursuing it in January and begin making recommendations to the body  
18 as a whole based on what they see.

19  
20 Ms. Comeau indicated that the preliminary budget could easily be shared with the Assembly in January.  
21 In addition, as the process continues, recommended changes could also be sent over. She noted that  
22 the Assembly needed to understand that there will be changes and some of the items are not detailed or  
23 refined. Everyone would have to understand that it would be a work in progress. The budget is really a  
24 work in progress until June 30<sup>th</sup> because of all the changes in information that happens at the state level.  
25 The information is shared with the Education Workforce Advisory Commission in January for their review  
26 as well.

27  
28 Ms. Comeau noted her concern with the potential change in the start of the Legislature and the submittal  
29 of the Governors' budget. The Legislature would not convene until mid-February which will have a huge  
30 impact on the District's budget assumptions. If the new governor does not submit her budget until  
31 January 15<sup>th</sup> the District is really going to have a problem with budget assumptions. The delay will  
32 prevent the District from getting any kind of accurate information to the public or to the Assembly early. It  
33 is difficult enough now when so much information changes throughout the process. The CPI, which is a  
34 major factor in the budget, isn't even available until the first of February. The fact that the District is on a  
35 fiscal year while the Municipality is on a calendar year adds to the difficulty.

36  
37 Mr. Steele noted that the fact that education funding is historically one of the last items addressed by the  
38 Legislature is also a problem. Education funding is often held hostage and used as a mechanism to get  
39 other items pushed through by members on both sides of the aisle. Ms. Comeau noted that the District  
40 and the School Board has been pushing hard for forward funding. At this point, however, the Legislature  
41 is nowhere near getting that accomplished.

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43 **6.c. Superintendent's Report**

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45 Ms. Comeau provided an update of the Anchorage Education Association (AEA) contract negotiations.  
46 She noted that negotiations are ongoing. It is becoming more difficult but she believes that both teams  
47 are doing everything they can to come up with some kind of a solution. The Arbitrator's report, from the  
48 District's perspective, reinforced what the District position has been which is that there are no extra funds.  
49 She recognized the teacher's frustration and the belief that some of them hold that we can go back to the  
50 1990s and recoup all of the things that were frozen at that time which is an impossibility. She noted that  
51 she remains optimistic. There are three days of negotiations scheduled. AEA has a membership  
52 meeting scheduled for Tuesday. Several actions could take place at that meeting including a decision to  
53 schedule a strike vote. AEA has acknowledged that the strike vote that was taken earlier was not legal  
54 because the advisory arbitration process had not been completed.

1 Ms. Comeau also explained that AEA would have to give the District a 72-hour notice, by statute, if they  
2 vote to strike. If they do vote to strike the District will close the schools and cancel all student activities.  
3 The District has been very public about these plans. She assured everyone that the District is working  
4 very hard, within their means, to find a settlement.  
5

6 Mr. Traini asked if there is any sense as to when the strike will happen if the teachers determine to strike.  
7 Ms. Comeau noted that, while she has no knowledge of any timetable, the rumor on the street is either  
8 the week after spring break or the week of testing and the election. She noted that she has been in  
9 conversation with the commissioner to discuss concerns regarding exit exams. She is very concerned  
10 that the teachers will strike during those testing dates which are set by the state and which students are  
11 required to pass for graduation.  
12

13 Mr. Traini voiced his concerns about the impact that a strike will have on the election, particularly if voters  
14 have to cross a picket line to enter voting sites. Ms. Gruenstein has begun planning and is prepared to  
15 call the US Department of Justice who oversees all of the elections. She is trying to identify places for  
16 additional all-ballot voting centers. She noted that about half of the polling places are in schools and she  
17 is very concerned about the effect a strike will have on the election.  
18

19 Ms. Ossiander asked that Ms. Comeau let the Assembly and the Mayor know if there is anything that they  
20 can do to support the District through this process. Ms. Comeau assured her that the District is doing  
21 everything possible to come to an agreement with the AEA. She also assured everyone that if a strike is  
22 called the District will keep the lines of communication with the Municipality open and keep everyone  
23 informed. Mayor Begich noted that there is a team from the Municipality including public safety, city  
24 management, and others who will work with the District in the event of a strike.  
25

26 Ms. Comeau ran through a list of activities that are going on around the District. She emphasized that  
27 teachers are teaching and students are learning. We do have concerns regarding settling a contract with  
28 AEA but really there are an awful lot of good things going on around the District.  
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30 **6.d. Mayor's Report**

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32 Mayor Begich thanked Ms. Comeau and her team for their participation in the recent and ongoing town  
33 hall meetings. He indicated that the meetings have been well attended and very positive.  
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35 Mayor Begich reviewed the New Beginnings project. This project is an effort to get preschool-aged  
36 children ready to read so that they enter school with additional skills. He noted that the program, which is  
37 being sponsored through the private sector, will provide reading kits which include a book a month. The  
38 goal is to get parents or care-givers to read to their children. The program is still evolving, but he was  
39 excited about the potential impact it could have on the youth in our community.  
40

41 Mayor Begich announced that the opening of the new Muldoon Community Center and Library will take  
42 place tomorrow, Saturday, March 10<sup>th</sup> at 10:30 a.m. There will be an open house throughout the day.  
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44 Mayor Begich noted that he and Ms. Comeau are on the circuit talking about bonds and other ballot  
45 initiatives.  
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47 **6.a. Proposed ASD 2007-2008 Budget (Continued Discussion)**

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49 Discussion returned to the Proposed ASD Budget. In light of several questions he has received, Mr.  
50 Sullivan requested some information regarding the cost of the new Student Information System and what  
51 it hopes to accomplish. He noted that it was his understanding that members of that particular budget  
52 review team disagree with the need for and the cost of the system.  
53

54 Ms. Comeau explained that there were three members of the budget review team who were quite  
55 opposed to the approach that the District has taken with this issue. In addition, the AEA has sent  
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1 significant messages against implementation of this new system because of its cost. The District  
2 currently has a home-grown student information system that was developed in the early 1980s that is  
3 obsolete and dying. There has been a lot of discussion over the past three years regarding the need for a  
4 new system and plans have been developing over that time frame to assure that funding would be in  
5 place when a system is identified. In light of the concerns raised by budget team members the District  
6 has engaged a third party to do an external review of the process that led up to issuing the RFPs.

7  
8 Ms. Pam Chenier, ASD Purchasing Director, explained that the District is essentially in the middle of a  
9 procurement process. There will be no finalization until the third party review is complete. The third party  
10 reviewer has been asked to look at several areas including whether a new student information system is  
11 needed, whether alternative methods have been adequately taken into consideration, whether the project  
12 budget is problematic and other implementation issues. She noted that the report will be presented to the  
13 Board on March 26<sup>th</sup>. The report will be a matter of public record and members of the budget review team  
14 and other members of the public will be welcome to testify at that meeting. The third party review is being  
15 done by Davidson Services. They are a nationally known K-12 Education Information Technology  
16 consulting firm.

17  
18 Mr. Jeff Wood, ASD Information Technology Director, noted that the current system is very old. One of  
19 the goals when looking for a new system is to find something that opens it up to parent access. It is  
20 estimated that parent calls into the District could be reduced by 70% if parents had access to student  
21 schedules, grades and classroom course materials on-line. Ms. Comeau noted that part of the budget  
22 figure on this item is for IT staff to support the implementation of a new system. The interface for data  
23 and the need for reporting for No Child Left Behind, as well as the need for parent access, is really what  
24 drove this whole initiative.

25  
26 Ms. Chenier noted that the District is still in the procurement process and the fees have not been  
27 disclosed. When the RFP was put out it was not believed that there was enough funding in place to  
28 procure the entire system. With the amount currently budgeted the District can pay for the vendor portion  
29 of the cost. There is \$6.2 million approved for the project, including the amount in the 2007-2008  
30 proposed budget. The estimated cost of the project with an accelerated timeline is approximately \$11  
31 million, including in-house costs.

32  
33 Mr. Steele noted that it was important to understand that there is a huge need to upgrade the system. It  
34 dovetails very well with the accountability requirements that the District has to be able to track the  
35 progress of our students. There has been a fairly rigorous research effort to determine how and what  
36 was needed.

37  
38 In a response to Ms. Jennings regarding the third party review process Ms. Comeau explained that one of  
39 the items that was brought out during a minority report from the budget review team was a request for an  
40 independent review of the assumptions that had been made regarding a new Student Information System  
41 (S/S). The District is trying to be open to suggestions that something may have been missed in the  
42 analysis and so a review has been done and there will be a public presentation of the results of that  
43 review. The third party review will cost approximately \$26,000 which is coming out of the project budget.

44  
45 Mr. Stout asked, with the constant changes and improvements in technology, how the District can be sure  
46 that the system is not outdated before it is even implemented. Mr. Wood explained that the vendor,  
47 whoever that turns out to be, will be providing periodic and routine updates to keep their technology  
48 current as the District keeps the infrastructure current to support it.

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50 **8. SCHEDULING OF NEXT JOINT MEETING**

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52 The next Joint Meeting will be scheduled for sometime in June.

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54 **9. ADJOURNMENT**

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56 Board President Friedman adjourned the meeting at 11:40 a.m.  
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JEFF FRIEDMAN, Anchorage School Board Chair

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DAN SULLIVAN, Assembly Chair

ATTEST:

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JOHANNA LEE, School Board Secretary

Date Minutes Approved: June 22, 2007.

Anchorage School District School Board Office, ASD Education Center, 5530 E. Northern Lights Blvd., Anchorage, AK 99504, (907)742-4315 (*Approved Meeting Minutes are available in the Municipal Clerk's Office, 632 West 6<sup>th</sup> Avenue, Suite 250, Anchorage, Alaska; telephone (907)343-4505, or found on the Municipal Web Site at [www.Muni.org](http://www.Muni.org)*)