

ANCHORAGE SCHOOL DISTRICT
ANCHORAGE, ALASKA

ASD MEMORANDUM #370 (1999-2000)

June 5, 2000

TO: SCHOOL BOARD
FROM: OFFICE OF THE SUPERINTENDENT
SUBJECT: REVISION TO FY 2000-2001 FINANCIAL PLAN

RECOMMENDATIONS:

Recommendation #1:

It is the Administration's recommendation that the School Board approve and authorize the Superintendent to reduce the Anchorage School District's FY 2000-2001 Financial Plan from \$413,416,593 to the reduced amount of \$413,230,474, as approved by the Anchorage Assembly. This includes individual fund budgets in the following amounts:

General Fund	\$334,202,954
Food Service Fund	10,650,000
Debt Service Fund	42,377,520
Local/State/Federal Projects Fund	<u>26,000,000</u>
Total - All Funds	<u>\$413,230,474</u>

Recommendation #2:

It is further recommended that the School Board approve and authorize the Superintendent to make the revenue increases and expenditure reductions in the General Fund, as listed on Attachment A, to bring the budget in balance.

Recommendation #3:

It is further recommended that the School Board approve and authorize the Superintendent to increase the high school activity fee from \$75 to \$175 for all high school activities and to reinstate swimming, hockey and gymnastics at a cost of \$414,000 contingent upon the Anchorage Assembly approval to raise the upper limit spending authorization of the Anchorage School District budget.

PERTINENT FACTS:

On April 4, 2000, the Anchorage Assembly approved AO 2000-39 (S-1) as amended, to adopt and approve the Anchorage School District's FY 2000-2001

Financial Plan with an upper limit spending authority in the amount of \$410,505,754 which is \$8,000,000 less than the amount requested and with a local tax appropriation of \$119,492,622 which is \$5,047,774 less than the amount requested by the Anchorage School District.

Also on April 4, 2000, the qualified voters of Anchorage approved Proposition 13 for \$77,900,000 for education-related capital construction/renewal projects. With voter approval and subsequent Assembly approval on April 25, 2000, an increase of \$2,724,720 to the upper limit of the budget and an increase of \$2,059,135 in local property taxes was authorized for the Debt Service Fund. This approval increased the total budget to \$413,230,474 with a local tax appropriation of \$121,551,757.

In addition to the revisions made by the Assembly, the District has entered into an agreement with the Anchorage Education Association for increases that total approximately \$3.1 million more than budgeted in the FY 2000-2001 Proposed Budget. The \$3.1 million of increased expenditures combined with the action taken by the Assembly on April 4, 2000 and revised revenue projections require budget reductions and/or revenue increases of approximately \$11.2 million. Since the District is obligated to pay principal and interest on its outstanding bonded indebtedness, the reductions made by the Assembly have been applied to the General Fund, as has the increased cost for the contract settlement.

On May 17, 2000 the School Board approved \$10.909 million of budget reductions and \$80,000 of revenue increases, as shown on Attachment B. The expenditure budget reductions include employee reductions of 176 positions in the amount of \$6.068 million, \$1.977 million in service reductions, and \$2.864 million in contracted services/supplies/equipment reductions. This action resulted in an adjusted total expenditure budget of \$413,416,593 and an adjusted total revenue budget of \$413,196,034. In order to have a balanced budget within the upper limit of the amount authorized by the Assembly, it is necessary to reduce expenditures an additional \$186,119 and increase revenues an additional \$34,440. A summary of the School Board actions taken on May 17, the changes in revenue projections, and a summary of the total budget amount approved by the School Board compared to the total budget amount authorized by the Assembly is provided on Attachment C.

General Fund

The recommended expenditure budget reductions totaling \$186,119 and a brief explanation of each are listed on page 1 of Attachment A. A majority of the recommended reductions, \$140,119 of the \$186,119, will be purchased using current year funds, therefore will not impact the departments/programs.

Page 2 of Attachment A lists the revenue adjustment recommended by the Administration.

Middle School and High School Activities

Attachment D is a review of the rationale for the reductions in middle school and high school activities. As Superintendent, I believe that the only way the District should reinstate the three activities is if the Assembly will raise the upper limit spending authorization of the budget and if we can raise enough revenues to offset the reinstatement of these activities. If the activity fees are not increased to \$175, I do not believe the sports should be reinstated. If the Assembly does not increase our spending authorization, I do not believe the activities should be reinstated.

Summary

The Administration is recommending an additional expenditure budget reduction of \$186,119 and an increase of \$34,440 to the revenue budget. Upon approval of this recommendation, the District's FY 2000-2001 Revised Budget will total \$413,230,474, the amount authorized by the Anchorage Assembly. The schedule below summarizes the necessary revisions by fund:

<u>Fund Description</u>	<u>FY 2000-01 Budget As of 5/17/00</u>	<u>Recommended Revisions</u>	<u>FY 2000-01 Budget Authorized By Assembly</u>
<u>EXPENDITURE BUDGETS:</u>			
General	\$334,389,073	\$(186,119)	\$334,202,954
Food Service	10,650,000		10,650,000
Debt Service	42,377,520		42,377,520
Local/State/Federal Projects	<u>26,000,000</u>	<u> </u>	<u>26,000,000</u>
Total Budget - All Funds	<u>\$413,416,593</u>	<u>\$(186,119)</u>	<u>\$413,230,474</u>

<u>REVENUE BUDGETS:</u>			
General	\$334,168,514	\$ 34,440	\$334,202,954
Food Service	10,650,000		10,650,000
Debt Service	42,377,520		42,377,520
Local/State/Federal Projects	<u>26,000,000</u>	<u> </u>	<u>26,000,000</u>
Total Budget - All Funds	<u>\$413,196,034</u>	<u>\$ 34,440</u>	<u>\$413,230,474</u>

<u>Fund Description</u>	<u>FY 2000-01 Proposed Budget As of 1/24/00</u>	<u>Previously Approved Revisions</u>	<u>FY 2000-01 Budget Authorized By Assembly</u>
<u>TAXES:</u>			

General Fund	\$103,588,682	\$(6,023,427)	\$ 97,565,255
Debt Service Fund	<u>21,927,367</u>	<u>2,059,135</u>	<u>23,986,502</u>
Total Local Taxes	<u>\$125,516,049</u>	<u>\$(3,964,292)</u>	<u>\$121,551,757</u>

BC/JS/MSL
 Attachments
 Prepared by:
 Approved by:

Marie S. Laule, Budget Director
 Janet Stokesbary, Chief Financial Officer
 Bob Christal, Superintendent