

ANCHORAGE SCHOOL DISTRICT
ANCHORAGE, ALASKA

ASD MEMORANDUM #31 (2000-01)

August 14, 2000

TO: SCHOOL BOARD
FROM: OFFICE OF THE SUPERINTENDENT
SUBJECT: FY 2001-2002 BUDGET REVIEW PROCESS

PERTINENT FACTS:

The budget for the Anchorage School District for the 2000-2001 school year received approval from the School Board in January, 2000. However, due to reductions in both upper level spending authorization and local taxes by the Anchorage Assembly the budget numbers were not finalized until June 13, 2000. Because of the significant budget revenue issues before the Administration and the School Board for the preparation of the FY 2001-2002 budget it is imperative that the Administration begin the budget development and review process earlier this year.

In order to begin to manage the possibilities the Anchorage School District is reinstating the successful Budget Review Team process to generate communitywide involvement along with input from District employees. The process will be similar to ones used in previous years and will involve a two tier approach to identify significant program/service reductions for the 2001-2002 school year. Community members and District staff will be involved over the next two months to identify first a set of \$20 million reductions (TIER ONE) that must be done and an additional \$32 million in reductions (TIER TWO) to be available that could be done if the tax initiative passes in November.

The current year General Fund budget at \$338 million was developed with the School Board and Administration knowing that the use of \$12 million of fund balance non-recurring revenues to fund the FY 2000-2001 budget would necessitate future reductions. This coupled with \$8 million in additional new costs for employee contracts identifies the \$20 million in General Fund revenue shortfall for FY 2001-2002. This will significantly impact the school district in programs and services. All of these reductions are set to occur without additional revenues whether or not the tax cap initiative (99PTAR) passes in November. If the voters do approve that initiative, then an additional \$32 million in reductions will occur.

In summary, the budget for FY 2001-2002 will be prepared assuming available revenues at \$326 million. Currently, expected expenditures would total \$345-346 million. To achieve a balanced budget the District must reduce expenditures by \$20 million.

An outline of the Budget Review Team process is explained in the attached description. The essential dates are the week of August 21, 2000 to begin the process with an expected completion date of October 16, 2000.

BC/gl
Attachment

Prepared and Approved by: Bob Christal, Superintendent

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FY 2001-2002 BUDGET REVIEW PROCESS

The purpose of the budget review process is to solicit recommendations from the community, Anchorage School District staff, and the students in order to prepare a General Fund budget for the FY 2001-2002 school year that reflects a balance between revenues and expenditures. In order to achieve this balance the District must:

- 1) Identify approximately \$20 million in programs/services (Tier One);**
- 2) In addition, should the Tax Cap Initiative pass the Anchorage School District will be required to reduce an additional \$32 million in programs/services (Tier Two) above the Tier One reduction.**

The Superintendent will use these recommendations to prepare the FY 2001-2002 budget and to begin to develop a contingency budget plan that would be presented to the School Board should the Tax Cap Initiative pass reflecting the additional \$32 million reduction.

Budget Review Teams will be formed to focus only on the portion of the budget assigned and to do the following in order to achieve the Tier One and Tier Two targets:

- **Look for economies.**
- **Find duplication of efforts or services.**
- **Look for program alternatives that can service students in more effective ways.**
- **Provide appropriate recommendations; i.e., reductions cannot violate the law or terms of existing contracts.**
- **Identify revenue enhancements to support the program**

Tier One

- **Identify reductions that equal 10 percent of the portion of the budget assigned -- prioritized for potential reductions.**

Tier Two

- **Identify additional reductions that equal to an additional 10 percent above the Tier One reduction -- prioritized for potential reductions.**

Budget Review Team Composition

There will be 17 Budget Review Teams each composed of at least 12 volunteers. The intent is to have eight community members and four District employees on each team. It is possible the number of members could increase or decrease for specific teams but the ratio will be maintained if possible. Efforts are underway to solicit participation from:

- Chambers of Commerce (Anchorage and Chugiak/Eagle River)
- Parent Teacher Association (PTA)
- Minority Education Concerns Committee (MECC)
- Community Councils
- Employee Bargaining Groups
- Individual Community Members
- Individual Employees (Classified and Certificated)

At least one administrative facilitator will be assigned to each Budget Review Team. In order for the process to be effective team members must be willing and able to actively participate for approximately two months. The goal will be to complete the reports by October 16, 2000.

Budget Review Teams

Seventeen teams are established in the following areas:

- Elementary Schools
- Middle Schools
- High Schools
- Special Education/Related Services
- Curriculum
- Assessment and Evaluation
- Training and Professional Development
- Activities - Grades 7 -12
- Business Management
- Central Administration/School Board
- Human Resources/Labor Relations
- Public Affairs
- Transportation
- Maintenance/Operations
- Purchasing/Warehouse
- Community Education
- Information Technology/DP/AV

Timeline

The necessity to begin the process earlier than has been done in the past is a concern to some. However, in order to accomplish the required task before October 16, 2000 it is believed that it is necessary to spend six to eight weeks in the process. The goal is to begin on August 21, 2000. The Superintendent will provide an overview and the tasks to be achieved. The teams will meet between August 21 and October 8, 2000 to develop their recommendations. On or before October 16, 2000 the recommendations will be presented to the Superintendent. The Superintendent will review the reports with District Leadership and incorporate recommendations into the FY 2001-2002 budget. The Budget Review Team Recommendations will become public at the time they are received by the Superintendent.