

Anchorage School District
Summary of the Anchorage Assembly's Actions Related to the
School District's FY 2000-2001 Budget and Tax Appropriation

In order to provide background, a summary of chronological events involving Anchorage Assembly's actions with regards to the District's FY 2000-2001 budget is as follows:

- On March 6, 2000 the Anchorage School District requested that the FY 2000-2001 Proposed Budget in the amount of \$418,505,754 be approved and that \$124,540,396 be the amount of money to be appropriated from local property taxes (AO No. 2000-39). The breakdown by fund were as follows: General Fund \$342,202,954, Food Service Fund \$10,650,000, Debt Service Fund \$39,652,800, and Local/State/Federal Projects Fund \$26,000,000.
- The Anchorage Assembly approved the District's financial plan on April 4, 2000, AO No. 2000-39 (S-1) As Amended. Section 1 of the ordinance set the total budget amount at \$410,505,754 and the amount of local property tax appropriation at \$119,492,622. This resulted in a \$8,000,000 reduction to the upper limit of the budget and a \$5,047,774 reduction to the amount of local property tax contribution. Although the Assembly does not have line item authority and can only increase or decrease the budget as to the total amount, discussions regarding the reduction in taxes and budget focused around the General Fund. The breakdown by fund were as follows: General Fund \$334,202,954, Food Service Fund \$10,650,000, Debt Service Fund \$39,652,800, and Local/State/Federal Projects Fund \$26,000,000. This set the revised budget amount at \$410,505,754 and the local tax contribution at \$119,492,622.

Section 2 of this ordinance states: "That the FY 2000-2001 Anchorage School District budget approved and appropriated by Section 1 of this ordinance is hereby revised by increasing the total amount of said budget by \$8,000,000 and the amount of money appropriated from local property taxes and/or other local sources for said budget by the additional sum of \$5,047,774." Section 3 further states that Section 2 of this ordinance shall become effective only if the State of Alaska Initiative Petition 99PTAR, "An Act Providing for Property Tax and Assessment Relief", is not passed by voters at the regular State election to be held on November 7, 2000.

- On April 25, 2000 the Assembly approved revisions to the District's financial plan for FY 2000-2001, AR No. 2000-99. This was due to the qualified voters

of the Municipality of Anchorage approving Proposition 13 on April 4, 2000, in the amount of \$77.9 million for construction and renovation education-related bonds. The Debt Service Fund for the Anchorage School District was increased by \$2,724,720 and taxes were increased by \$2,059,135. The revised breakdown by fund were as follows: General Fund \$334,202,954, Food Service Fund \$10,650,000, Debt Service Fund \$42,377,520, and Local/State/Federal Projects Fund \$26,000,000. This set the revised budget amount at \$413,230,474 and the local tax contribution at \$121,551,757.

- On June 13, 2000 the Anchorage Assembly approved AR No. 2000-141(S), which revised the District budget for FY 2000-2001 by increasing the upper limit spending authority by \$5,000,000 and set the budget total to \$418,230,474. The resolution also stated that there would be no corresponding increase in the tax contribution nor any appropriation from the Municipality's general government Areawide General Fund or other general government fund.
- On November 7, 2000 the qualified voters of the State did not pass Tax Cap Initiative (99PTAR). According to AO 2000-39 (S-1) As Amended, approved by the Assembly on April 4, 2000, effective on the date the Lieutenant Governor of Alaska certifies the November 2000 regular State election, the total amount of the District's budget will be increased \$8,000,000 and the amount of local tax appropriation will be increased by \$5,047,774. At the August 15, 2000 Assembly/School Board work session, the Assembly informed the School Board that no further action by the District or Assembly was required for this increase to occur if the Tax Cap Initiative was not approved.

The total revised budget of \$421,230,474 and the revised local tax contribution of \$126,599,531 are based on the assumption that the Assembly's action on April 25, 2000, AR No. 2000-99, should not be considered as part of the budget and local tax contribution increase which was contingent on the Tax Cap Initiative (99PTAR) not passing. The resolution that the Assembly approved on April 25 specifically referred to the voter approval of Proposition 13 on April 4, 2000 and the issuance of \$77.9 million of authorized bonds. The District had not previously requested budget authorization or tax contribution for these bonds nor was the Assembly aware of the election outcome when they acted on the AO 2000-39 (S-1) As Amended, the ordinance that addressed the increase if the Tax Cap Initiative was not passed.

On the other hand, the District has included the \$5,000,000 increase to the budget that was previously approved by the Assembly on June 13, 2000, AR No. 2000-141(S), as part of the \$8,000,000 budget increase that was contingent on the Tax

Cap Initiative (99PTAR) not passing. During the District's budget deliberations in June 2000 to bring the FY 2000-2001 budget in balance, the Assembly provided assistance by approving a \$5,000,000 increase to the upper limit spending authority to allow the District to adjust our budget by identifying revenue sources other than increased local tax contribution and/or other Municipal appropriations. For example, this allowed the District to increase student activity fees rather than to eliminate several after-school student activities.

Based on the logic described in the immediate prior two paragraphs, the District concluded that the FY 2000-2001 revised budget would be \$421,230,474, \$3,000,000 more than the last resolution, AR No. 2000-141(S), approved by the Assembly related to the District's total budget amount. The local tax contribution of \$126,599,531 is \$5,047,774 more than the last resolution, AR No. 2000-99, approved by the Assembly related to the local tax contribution. The information in this attachment was provided on December 14, 2000 to the Municipality's Office of Management and Budget. Prior to the letter being sent to the Municipality, the District's legal counsel reviewed this information and agreed with the District's logic and conclusion.