

ANCHORAGE SCHOOL DISTRICT  
ANCHORAGE, ALASKA

ASD MEMORANDUM #24 (2002-2003)

August 26, 2002

TO: SCHOOL BOARD

FROM: OFFICE OF THE SUPERINTENDENT

SUBJECT: REVISION OF FY 2002-2003 REVISED FINANCIAL PLAN

RECOMMENDATION:

It is the Administration's recommendation that the School Board authorize a budget increase of \$5,522,726 to the General Fund, \$400,000 to the Food Service Fund, \$2,000,000 to the Local/State/Federal Projects Fund, \$8,533,381 decrease to the Debt Service Fund and \$610,655 as a contingency for a total adjusted budget of \$464,218,167. Since the overall revision will not exceed the approved upper limit of the budget, no approval from the Anchorage Assembly is required. The District's FY 2002-2003 revised budget by individual fund will be in the following amounts:

General Fund	\$360,368,861
Food Service Fund	12,200,000
Debt Service Fund	51,038,651
Local/State/Federal Projects Fund	40,000,000
Contingency	<u>610,655</u>
Total All Funds	<u>\$464,218,167</u>

PERTINENT FACTS:

**Assembly Action**

On March 19, 2002 the Anchorage Assembly approved AO NO. 2002-33(S), to adopt and approved the Anchorage School District's FY 2002-2003 Financial Plan with an upper limit spending authority of \$455,092,231 and the amount of \$137,153,752 to be appropriated from local property taxes or other local sources.

On April 23, 2002 the Anchorage Assembly approved a revision to the School District's FY 2002-2003 budget as set forth in Assembly Resolution AR NO. 2002-107. This revision was based on the new construction amount that changed from the preliminary projections used in computing the property tax limitation and a reduction in interest earnings based on projected low interest rates. In addition, the Debt Service Fund was revised to include a bond sale related to the Propositions 5 and 6 as approved by the qualified voters of the Municipality of Anchorage on April 2, 2002 and ongoing projects approved by the voters in April 1999. The approval of AR NO. 2002-107 provided an upper limit authorization of \$464,218,167 and a tax appropriation of \$142,954,582. Refer to page 12 for breakdown by fund.

## GENERAL FUND

This memorandum includes an increase of \$5,522,726 to the General Fund revenues and expenditures and is summarized on Attachment A. The first portion of the schedule itemizes revenue increases and decreases based on new funding received from the State as well as updated projections of various other revenue sources. The second half of the schedule includes a summary of the impact of the Learning Opportunity Grant and Quality Schools Grant funding as well as the additional expenditures recommended for inclusion in the FY 2002-2003 General Fund budget. A brief description of the budget revisions are provided below.

### Revenues

#### **State Revenues—Alaska Legislative Action**

Through the many efforts of our staff, School Board and many partners in the community—parent groups, Assembly, Mayor, Legislature, and Governor—the second session of the Twenty-second Alaska State Legislature and the Governor approved an additional \$4,089,472 under the Learning Opportunity Grant Program. The Learning Opportunity Grant was increased from current year's appropriation of \$4,636,556 to a total amount for the Anchorage School District of \$8,726,028. These funds should target those students with appropriate and focused instruction helping them to meet standards. The Quality School Grant had a minimal decrease of \$1,348. Approval of this additional funding provides the District resources to supplement student instructional programs, student interventions, standards implementation, staff development, textbook and/or software purchases and technology. An additional \$1,922,296 was approved through Section 93 of Senate Bill 2006 that can be used for programs and services.

During the past weeks the Administration has reviewed all other revenues that support the General Fund expenditures. After careful consideration, the following adjustments are recommended for the revenue accounts supporting the General Fund.

### **Other State Revenue Revisions**

**Medicaid**(\$100,000 During FY 2001-2002 nearly \$100,000 more was received through the Medicaid Reimbursement program than currently budgeted for FY 2002-2003. With continued cooperative efforts by staff to complete the time-study surveys in order to receive the reimbursement, the District should be able to maintain the level of funding as received in FY 2001-2002.

**McLaughlin**(\$31,000 Based on revised projections and information provided by the State, this amount is a reasonable increase. This additional amount of revenue for McLaughlin will offset revenues not received through the Foundation program.

**State Tuition**(\$175,000) Based on actual receipts for FY 2001-2002 and recent information provided by the State, the State Tuition revenue decrease from \$850,000 to \$675,000 reflects a 75 percent pro-ration of the amount the District is eligible to receive.

### **Local Revenue Revisions**

**Summer Schools Fees**(\$22,000 It is recommended that the summer school revenues be increased based on FY 2001-2002 participation. While the elementary level collection was less than anticipated, the middle and high school levels were up. The increase is not an increase to the fee amount, only an increase based on the amount collected.

**Activity Fees**(\$20,000 This adjustment is a net increase between middle and high schools. The FY 2001-2002 middle school collection was less than anticipated while the high school collection was more. Depending on the grade level and sports involvement in each family, the Family Cap will affect the area of collections. The increase is not an increase to the fee amount, only an increase based on the amount collected.

**Parking Fees**(\$10,000 This increase is based on the review of FY 2001-2002 collections with consideration given to the parking situations at each of the high schools. Even with construction going on at the high schools, Parking Fees collections are up. The increase is not an increase to the fee amount, only an increase based on the amount collected.

**Interest Earnings**(\$410,694) Based on FY 2001-2002 year review, the newly established minimum balance amount required by the banking services contract and the projected low interest rates, it is recommended to reduce interest earnings from \$1,785,694 to \$1,375,000.

**Non-Resident Tuition**(\$20,000) Based on historical data of actual collection from non-resident students and more restrictions placed on students entering the country, it has been determined that the Non-Resident Tuition revenue account be reduced from \$30,000 to \$10,000.

**Training Fees**(\$15,000) Due to the increase use of District buildings for summer school and the reduction of available space due to construction, the number of Alaska Staff Development Network (ASDN) summer institutes and the amount of summer training classes offered has been reduced significantly. This results in less revenues being collected; therefore, recommending a reduction from \$90,000 to \$75,000.

**Facilities Rentals**(\$50,000) Based on historical information and FY 2001-2002 actual revenues collected, it appears that revenue collection for renting out District facilities should be reduced from \$500,000 to \$450,000.

## **Expenditures**

### **Instructional Division:**

#### **Learning Opportunity Grant (LOG) Quality Schools Grant (QSG)**

A major portion of the increased funding requested in this memorandum pertains to Learning Opportunity Grant funding received from the State of Alaska. Attachment B provides a listing of specific programs that have been identified by the Instructional Division as part of this budget revision. The amounts to the left of the vertical line itemize the specific programs to be funded by the combination of Learning Opportunity Grant and Quality Schools Grant revenues. This includes funding from the Learning Opportunity Grant with a revised total of \$8,726,028 and the Quality Schools Grant of \$1,086,337 for a combined total of \$9,812,365 (third column). This listing includes new programs as well as existing programs currently in the budget. The amounts identified in the second column are current expenditures in the General Fund budget that have been determined to qualify for Learning Opportunity Grant and Quality Schools Grant funding.

Learning Opportunity Grant funds are being utilized by elementary education, middle level education, high school education, special education, curriculum and staff development, and community schools in the following funding categories: student interventions, standards implementation, staff development, textbook and/or software purchases and technology.

- **Student Interventions**—\$8,046,365 The primary use of the LOG/QSG funds, \$8,046,365, is being requested for direct student interventions. This includes the School District’s extensive summer school program, the intensive reading programs at elementary schools and middle schools, three and one-half hour aides for full-day kindergarten, grants to individual schools to target specific remediation needs, high school graduate support services, the development and implementation of an expulsion school, working with at-risk youth, and after school tutoring by community schools.
- **Standards Implementation**—\$464,000 LOG/QSG funds are being requested for standards implementation. This includes the implementation of the HSGQE testing, the writing assessment testing, and teacher stipends for curriculum and lesson alignment.
- **Staff Development Initiatives**—\$480,000 LOG/QSG funds are being requested for staff development initiatives. This includes high school summer math training, elementary school training for culturally responsive schools and bilingual training, and middle school teacher training in reading and math.
- **Textbooks**—\$686,000 LOG/QSG funds are being requested for textbooks and/or software. This includes classroom curriculum (virtual school), Nova Net software, and Success Maker software.
- **Technology**—\$136,000 of LOG/QSG funds is being requested for technology. This includes stipends to continue to develop and implement databases at all three divisions.

### **Additional Requests Other Than LOG or Quality Schools Grant Funding**

In addition to the expenditures related to the Learning Opportunity Grant and Quality Schools Grant funding, the Instructional Division has identified additional requests and are listed in the middle column to the right of the vertical line on Attachment B. They are further described below:

- **High School Laptop Computers**—\$255,000 The high school division requests \$255,000 for laptop computers to be utilized by students for on-line

instruction and prescriptive remediation. Students, with the supervision of a teacher, are able to access Nova Net courses with laptop computers and move at their own pace. Limited experiences during the FY 2001-2002 school year and during the 2002 summer school programs have proven highly successful with this method of remediation. The computers will be distributed to all high schools and are to be used specifically for course remediation and credit recovery.

- **Elementary Laptop Computers**(\$1,100,000) The elementary division requests \$1,100,000 for laptop computers for teacher utilization for recording student data. To enable teachers to track the reading program for their students, teachers need computers that are capable of operating in conjunction with the computer system at data processing; specifically a computer capable of accessing “secure” sites in order to utilize the elementary reading database. Over 500 elementary teachers do not have computers with this capability
- **Equipment Repair**(\$20,000) Funding is requested for equipment repair and/or replacement for both the elementary and high school division. With the purchase of a substantial number of computers, it is prudent to insure sufficient funds for possible replacement due to theft and repairs to computers if necessary.
- **On-Line Testing**(\$50,000) The middle school division requests \$50,000 for an on-line testing program. This testing program, Measures of Academic Progress, for math, language arts, and reading is calibrated to the State of Alaska standards. The test provides immediate feedback to the teachers. The on-line testing program will be utilized at Mears, Hanshew and Wendler Middle Schools.
- **Leadership In-Service**(\$50,000) The middle school division requests \$50,000 for a leadership in-service on translating standards into classroom practice. A trainer from the University of Oregon would present information to principals, assistant principals, counselors, and teachers on best practices in curriculum alignment.
- **Design of a Comprehensive Data System K-12**—\$200,000 The Curriculum and Staff Development Department requests \$200,000 for the design of a comprehensive data system K-12 that will enable teachers, principals, and other staff members to track student data through the District’s intranet. The Alaska State Department of Education and Early Development requires that all school districts provide data to teachers on student testing such as the Benchmark results and results from the HSGQE. Research on data systems indicates that a comprehensive data system needs to be developed to meet

those requirements. A data system is also required for tracking student data and school data under the “No Child Left Behind” federal legislation.

- **On-Site Induction Program—\$125,000** The Curriculum and Staff Development Department requests \$125,000 for an on-site induction program. There is a need to ensure that systemic efforts at providing induction into the teaching profession continues and is expanded at the site level. These dollars would provide for a stipend for a teacher to be identified at each school to work collaboratively with the principal in ensuring their school has an effective well-implemented induction program. The intention is to increase the effectiveness of new and current teachers by providing opportunities for reflection on their practice.
- **LTPT Training—\$25,000** The Curriculum and Staff Development Department requests \$25,000 for LTPT training. LTPT is Learning Through Performance Tasks. This is a continuation of a project started four years ago. A cadre of teachers has been trained to design classroom lessons that engage students in a performance task, rather than a traditional assessment. The process is based on the learning theory that students learn better when there is an embedded task at the application or synthesis level. This funding request will provide the technology support to create a database of LTPT lessons available to all teachers in the District.
- **Cooperative Teacher Training—\$76,000** The Curriculum and Staff Development Department requests \$76,000 for teacher training in the area of cooperative learning. These funds would provide for the continuation and growth of training efforts already established by a number of principals and schools to expand the use of cooperative learning best practices in the District.
- **Web-Based Teacher Induction Modules—\$75,000** The Curriculum and Staff Development Department requests \$75,000 for the beginning implementation of web-based teacher induction modules. Districts have increased the use of technology to address induction and mandatory training issues, as a cost-effective means of insuring consistent and comprehensive delivery. These funds would allow for the beginning stages of those efforts to explore and implement the infrastructure necessary to move in this direction.
- **Lightspan Technology Program—\$64,000** The Curriculum and Staff Development Department requests \$64,000 for the use of Lightspan technology within the Indian, Migrant, and Bilingual Education programs. These funds would continue and increase the utilization of this technology in

increasing the student achievement scores for these particular student populations.

- **ASAA Catastrophic Injury Insurance**(\$8,165 This request will provide for the 50 percent insurance rate increase as well as more athletes participating in sports.
- **Extra Help Due to Construction**(\$136,900 The funds will provide for monitors at Chugiak and East High Schools in the parking areas, lunch periods and after school while the schools are under renovation. During class time the monitors will patrol parking areas, guard off-limit areas and provide a presence at the temporary fire exits. In addition, the funding will compensate staff for an efficient move from the old Dimond High School to the new Dimond High School.
- **Reinstate Community School-Bear Valley, Campbell, Rogers Park**(\$133,500 Funding three full-time positions will allow for the reinstatement of Community School programs. For the past three years limited programs and services in these communities have been provided through the efforts of a volunteer advisory board. At present, the ability to keep programs and services available has become extremely hard. Two of the three programs are at risk of closure. Reinstating funding will provide staff to work within these communities and with the advisory boards to increase the numbers of safe and structured educational and enrichment activities for youth and a varied program of activities for adults.
- **Bus Stop Monitors for Denali Students**(\$15,000 This funding will provide monitors at four bus stops when transporting Denali students to Kennedy for the 2002-2003 school year. The monitors will be available before and after school at East and West High Schools and Turnagain Elementary, and before school at Fairview Elementary. The monitors will provide safety for the students.
- **Crossroads Program**(\$58,000 These funds will provide lease space and telephone service for the Crossroads Program for the 2002-2003 school year. Currently the Crossroads Program is housed in relocatables behind the Whaley Center. This requires the students in the program to enter Whaley when they need to use restroom facilities. This places an extreme difficulty on the students. The amount requested will be reduced by 50% if the School District receives grant funding for this program.

### **School Board:**

- **School Board Computers/Cable Modem**(\$27,782 This will provide a one-time cost for a laptop upgrade for each School Board member and modem access. Of this amount, \$3,360 will need to be carried forward for the annual cable modem service cost.
- **School Board Travel/Lobbying**(\$10,000 Based on the commitment by the School Board to obtain increase funding to support education, additional travel funds is requested for lobbying the Legislators.

### **Other Divisions Including Districtwide:**

- **Property Insurance**(\$170,000 This will provide for the increase in insurance premiums for property insurance. The premium increases are due to companies in all lines suffering financial losses through underwriting and investments. As a result the insurance companies have reduced coverages, limits and increased premiums. The public entity and excess liability markets have experienced years of depressed rates, adjusting to expected losses and because of September 11<sup>th</sup> increases in reinsurance costs. Premium increases experienced by the District are not due to actions or loss activity by the District, but to the changing public entity market place.
- **Liability Insurance**(\$100,000 As with property insurance, liability insurance has increased due to the changing public entity market place.
- **Alarm Monitoring Services**(\$43,000 The alarm monitoring services contract expired June 30, 2002 and could not be renewed with the same company because they transferred their operations to the Lower 48. The new contract was re-bid. The bid that was approved was much higher than what the District previously had been paying and the amount budgeted.
- **Net Increase of Utilities**(\$181,000 After final review of actual expenditures for FY 2001-2002 and notification of rate adjustments from the utility companies, it has been determined that some adjustments should be made to the utility accounts. While heat and electricity need to be increased, water and refuse can be reduced.
- **Depreciation Allowance for Equipment Replacement Fund**(\$95,000 ASD Memorandum #318 (2001-2002) authorized one time expenditures for equipment. In order to expense depreciation for the un-amortized balance of the equipment and to be able to transfer the funds to the Equipment

Replacement Fund, it is necessary to increase various departments' budgets to account for this year's annual depreciation.

- **Sick Leave Bank**(\$80,750 Based on actual experiences, it is necessary to increase this account and the associated payroll taxes.
- **Microsoft Academic Select License Agreement**(\$108,000 ASD Memorandum #1 (2002-2003) Revised was approved by the School Board on July 29, 2002. The purpose of the memorandum was to get approval to license Microsoft Office software and future software upgrades installed on over 6,400 District workstations and servers. This funding request is for the first year of the three-year contract agreement.
- **Upgrade Emergency Contact System (ECS)**(\$35,650 This will provide for an increase in the phone lines on the emergency notification system from 24 to 48 lines. The system will currently make about 2,000 calls in an hour. Adding 24 phones lines will increase the number of calls to almost 4,000 calls an hour.
- **Annual Support for Additional Phone Lines for ECS**(\$12,000 This will provide for the annual maintenance on the additional phones lines and software for the emergency notification system. The total continuing maintenance expense for all 48 lines is estimated to be \$23,000.
- **X-Stop Filter**(\$49,080 This will provide for the X-Stop software license renewal. X-Stop is the Internet filter software program required by the Child Internet Protection Act (CIPA). The three-year license expires in February 2003. The renewal price is \$93,580 for the next three years. If we renew during the month of August the price will drop to \$49,080, a savings of \$44,500.
- **Business Recovery Plan Development**(\$65,000 Estimated costs of \$65,000 to develop a Business Recovery Plan that would include a contingency planning policy, a business impact analysis and risk analysis, identify preventive controls, develop recovery strategies, develop an information technology contingency plan, plan testing and training exercises, and plan maintenance strategy in case of an emergency.
- **Volunteer Reception**(\$4,750 Each year the District hosts a volunteer reception to honor and recognize volunteers who provide outstanding service and support in the education of our youth. During FY 2001-2002, over 500 volunteers were recognized. The Volunteer Reception provides an

opportunity for each school and/or department to recognize five volunteers. In many instances, these are individuals who are not only dedicated parents, but are those who represent community organization and business partners. Currently there are no funds to provide for this valuable recognition program.

- **Document Translation Phone Lines**(\$45,000 This request will continue the translation of critical District documents into Hmong, Spanish, Tagalog, Korean and Samoan and begin translation into additional languages, In addition, six voice mail lines are being established to carry important oral messages in the top six languages including English.
- **Administrative Training/Travel**(\$10,000 During the last two years, a large number of central office administrators have retired. With new incumbents in all divisions and the passage of the new federal law, Elementary, Secondary Education Act (ESEA) “Leave No Child Behind”, necessitates training. This additional funding will allow staff to participate in conferences pertinent to their area.
- **Emergency Shelter Supplies**(\$338,526 To supply schools serving as shelters in the event of a major emergency, the District will need to establish a basic inventory of supplies at key locations. To serve a geographically dispersed student population, it is proposed that all secondary schools, Girdwood Elementary, Whaley Center and Polaris K-12 be established as emergency shelters. To equip these with blankets, first aid kits, other emergency survival gear will cost an estimated \$16,200 per location. Since there is, in many cases, insufficient space in these schools to store these materials, storage containers (Connex) would be needed at an estimated \$8,800 per unit. The total cost for the seventeen locations serving as emergency shelters would be approximately \$338,526.

#### FOOD SERVICE FUND

The FY 2002-2003 Food Service Fund budget was originally adopted with an appropriation level of \$11,800,000. During further review of year-end FY 2001-2002 actuals and projected expenditures for FY 2002-2003, it has been determined that the Food Service Fund will need be to increased by \$400,000 for a total budget of \$12,200,000. Increased sales and federal reimbursement will provide the revenue support for the required expenditure increase. The increase in revenues does not include a meal price increase for FY 2002-2003. The additional \$400,000 will be used to secure meat, bakery items and other supplies to support the food program.

### DEBT SERVICE FUND

The Debt Service Fund, as revised on April 23, 2002 by the Anchorage Assembly, in the amount of \$59,572,032 included a projected \$135 million bond sale in June 2002 for projected cash flow needs related to projects approved by the voters in April 2002 and for on-going projects approved by the voters in April 1999. The projected sale was based on a 5.75 percent interest rate on the bonds. In June 2002 the Municipality, on behalf of the District, sold \$131.8 million of bonds at 4.86 percent net interest cost. In addition, the District also sold an additional \$70.345 million of bonds to refinance existing outstanding bonds at lower interest rates. Both of these factors, lower interest rates and refinancing existing outstanding bonds, results in reduced principal and interest payments. The Debt Service Fund budget for FY 2002-2003 is being reduced to \$51,038,651 from \$59,572,032 to reflect these savings.

### LOCAL/STATE/FEDERAL PROJECTS FUND

Matching revenues offsets expenditures in the Local/State/Federal Projects Fund. The District continues to be successful in increasing grant funding from various State and Federal agencies and other sources. The FY 2002-2003 Local/State/Federal Projects Fund currently in place provides an appropriation level of \$38,000,000 for local, state, and federal categorical grants. Based on FY 2001-2002 actual grant awards and to give some leeway for additional growth, it is recommended that the Local/State/Federal Projects Fund be increased from \$38,000,000 to \$40,000,000. The funds received from these grants will be beneficial to the students of the District by enhancing their learning environment.

### CONTINGENCY

Based on current revenue projections, the recommendations made in this memorandum to increase the General Fund, Food Service Fund and Local/State/Federal Projects Fund budgets and to decrease the Debt Service Fund budget results in \$610,655 of spending authority available under the upper limit approved by the Anchorage Assembly on April 23, 2002. At this time these funds will be identified as "Contingency" and use of these funds can be identified at a later date if needed. For example, if actual enrollment were to be higher than currently budgeted, at a later date the School Board could approve an increase to the General Fund for additional teachers and supplies including the revenue sources to support the increased expenditures.

SUMMARY

Upon approval of this request, the District's FY 2002-2003 revised budget will be \$464,218,167 and is summarized as follows:

<u>Fund Description</u>	FY 2002-2003 Revised Budget as of 4/23/02	Requested Revision	FY 2002-2003 Revised Budget as of 8/26/02
General	\$354,846,135	\$ 5,522,726	\$ 360,368,861
Food Service	11,800,000	400,000	12,200,000
Debt Service	59,572,032	(8,533,381)	51,038,651
Local/State/ Federal Projects	38,000,000	2,000,000	40,000,000
Contingency	<u>-0-</u>	<u>610,655</u>	<u>610,655</u>
<b>TOTAL ANCHORAGE SCHOOL DISTRICT LOCAL TAXES</b>	<u>\$464,218,167</u>	<u>\$ -0-</u>	<u>\$ 464,218,167</u>
	FY 2002-2003 Taxes	FY 2002-2003 Tax Contribution	FY 2002-2003 Revised
<b>Taxes</b>	<u>as of 4/23/02</u>	<u>Increase Requested</u>	<u>as of 8/26/02</u>
General Fund	\$114,373,207	\$ -0-	\$114,373,207
Debt Service Fund	<u>28,581,375</u>	<u>-0-</u>	<u>28,581,375</u>
<b>TOTAL LOCAL TAX CONTRIBUTION</b>	<u>\$142,954,582</u>	<u>\$ -0-</u>	<u>\$142,954,582</u>

CC/JS/JC/MSL

Attachments

Prepared by: Marie S. Laule, Budget Director  
 Jan Christensen, Assistant Superintendent, Instruction  
 Janet Stokesbary, Chief Financial Officer

Approved by: Janet Stokesbary, Chief Financial Officer