ASD Budget Update

Prepared for MECAC
January 30, 2014

Prepared by Finance
ASD Budget Process

Financial Outlook
- What does the future look like?
- Data analysis, expenditure & revenue projections.
- Financial reports, student count, economic factors, etc.
- Revenues will fall short of expenditures by $23 million.

Guidelines, Direction & Policy
- What framework do we set for ourselves?
- School board provides budget guidance.
- Maintaining the student experience and providing a high quality education.

Development
- Who do we talk to about our plan?
  - Stakeholder input: community, students, parents, staff, etc.
  - Administration develops financial plan (budget).

Approval
- Does anyone else need to agree with your spending plan?
  - School board approves administration’s budget.
  - Assembly approves spending authority.
ASD Budget Cycle

- Admin presents balanced budget.
- Public hearings on budget are held.
- School board approves prelim budget.
- Assembly approves spending authority.

- Assembly approves current year spending authority increase.
- Schools & depts. begin spending in accordance with final current year budget.

- Prior year financial reports are completed.
- Current year enrollment is determined.
- Next year budget shortfall/surplus is established.
- Board provides direction.
- Admin develops balanced budget for the next year.

- Admin develops final budget.
- Legislature approves current year funding for AK districts.
- Admin updates current year final budget.
- ASD fiscal year ends.
- Next year budgeting process begins.

- ASD fiscal year (current year) begins.
- School board adopts current year final budget.

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July – September

- Prior year financial reports are completed.
- Current year enrollment is determined.
- Next year budget shortfall/surplus is established.
- Board provides direction.
- Admin develops balanced budget for the next year.

October - December

- Admin develops final budget.
- Legislature approves current year funding for AK districts.
- Admin updates current year final budget.
- ASD fiscal year ends.
- Next year budgeting process begins.

April - June

- Prior year financial reports are completed.
- Current year enrollment is determined.
- Next year budget shortfall/surplus is established.
- Board provides direction.
- Admin develops balanced budget for the next year.

January - March

- Admin presents balanced budget.
- Public hearings on budget are held.
- School board approves prelim budget.
- Assembly approves spending authority.
Where We Are Now

January - March

- Admin presents balanced budget.
- Public hearings on budget are held.
- School board approves prelim budget.
- Assembly approves spending authority.
What Did Our Stakeholders Tell Us?

• Cuts should be evenly spread; but if cuts need to be made, cut non-instructional staff.
• No preference for which programs are most important (everything is equally important).
• Class size is an important factor in maintaining quality education.
• Activities (sports and clubs) are important.
• Fees should be increased.
• The budget should be increased not decreased.
$23 Million: How Did We Get Here?

- BSA has remained flat (annual growth of BSA = 0.00% since the 2011 school year).
- Healthcare costs continue to rise (annual growth = 6.88% since the 2011 school year).
- Large annual deficits have become the norm:

<table>
<thead>
<tr>
<th>Year</th>
<th>Budget Gap</th>
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<tbody>
<tr>
<td>FY2010-2011</td>
<td>$0 (note: last time BSA ↑)</td>
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<tr>
<td>FY2011-2012</td>
<td>$14.8 Million</td>
</tr>
<tr>
<td>FY2012-2013</td>
<td>$29.5 Million</td>
</tr>
<tr>
<td>FY2013-2014</td>
<td>$25 Million</td>
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<tr>
<td><strong>FY2014-2015</strong></td>
<td><strong>$23 Million</strong></td>
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<tr>
<td>FY2015-2016</td>
<td>$26 Million</td>
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</tbody>
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Closing the Gap

FY 2014-2015 Projected Closure of GF Budget Gap

- FY1415 Budget Gap: 23
- Increase Student Fees: 0.1
- Fund Balance: 2.0
- FY1415 Personnel Reductions: 19.1
- FY1415 Reductions In Other Than Personnel: 1.8
Closing the Gap (continued)

- Increase Student Fees
- Fund Balance
- Personnel Reductions
- Reductions in Other Than Personnel
Closing the Gap (continued)

Increase Student Fees

10% increase in fees

$100 thousand in revenue
Closing the Gap (continued)

Fund Balance

- Use savings
- Provides $2 million in relief
Closing the Gap (continued)

219.3 FTE

Provides $19.1 in relief

Enrollment Declines

Personnel Reductions

Increase PTR

Reductions in planning time

Elementary Schools

Middle Schools

Maintain offerings

Vacancy management

Re-alignment of positions/duties

High Schools
Closing the Gap (continued)

- Reductions other than personnel
  - Provides $1.8 million in relief
  - Supplies
  - Eliminating HS swim classes
  - Outsourcing of girls hockey
Closing the Gap (continued)