



Agenda Item Details

Meeting	Dec 19, 2022 - School Board Meeting
Category	F. Action Items
Subject	3. ASD Memorandum #094- Board Guidance for Building the FY 2023-2024 Budget
Type	Action

ANCHORAGE SCHOOL DISTRICT
ANCHORAGE, ALASKA

ASD MEMORANDUM #094 (2022-2023) December 19, 2022

TO: SCHOOL BOARD

FROM: DR. JHARRETT BRYANTT, SUPERINTENDENT

SUBJECT: BOARD GUIDANCE FOR BUILDING THE FY 2023-2024 BUDGET

ASD Core Value: *The District will be open, transparent and accountable to the public.*

RECOMMENDATION:

It is the Administration's recommendation that the School Board approve/amend the FY 2023-2024 budget recommendations as final guidance for the development of the budget in January 2023. The FY 2023-2024 budget will be presented for Board approval in February 2023 to meet the timelines provided in the Municipal Charter.

PERTINENT FACTS:

The Municipality of Anchorage's Charter requires the School Board to approve the following school year's budget and deliver it to the Anchorage Assembly no later than the first Monday in March. The State Statute requires the District to pass a balanced budget.

The Administration provided the FY24 Proforma at the December 5th, 2022 School Board Meeting. The Administration briefed the revised revenue and expense projections and provided a revised FY24 budget deficit of \$48,220,394.

The Administration has been briefing, since the beginning of the fiscal year, a number of potential budget-related solutions that will help lower the projected FY24 budget deficit. During the December 10th, 2022 work session the School Board members provided feedback to the Administration on possible solutions, but a formal vote was not planned due to the nature of the meeting. The Administration is providing a summary of potential budget reductions in order to receive the board's final guidance for the development of the FY24 budget.

District Fund Balance - \$28.34 million

The Administration recommends the Board approve \$28.34 million in District Fund Balance toward the FY24 budget. This fund balance will reduce more than half of the District's projected deficit. This action would reduce the District's projected fund balance to 8%, which is the threshold established by Board Policy 3470. The board can, with a super majority, approve fund balance use below 8%. Each percent below 8% would provide an additional \$5.6 million. The district must retain approximately 4% (\$25 million) as a reserve in order to get favorable interest rates on bond sales.

School Closure – \$974,000

The Administration recommended the following schools for closure at the end of the FY23 school year: Abbott Loop, Birchwood ABC, Klatt, Nunaka Valley, Northwood and Wonder Park. Based on board guidance/consensus from the majority of the school board during the December 10th Work Session, the Administration recommends the closure of Abbott Loop at the end of this school year.

Pupil to Teacher Ratio (PTR) –\$7.1 million

Pupil to Teacher Ratio is a resource/budgeting tool, not a class size, though it is related to class size and nearly equals class size at most elementary schools. Elective options at Middle and High School level, where some classes have very small numbers of students (welding) or high numbers (music) will have larger variances in class size. During the December 10th, 2022 work session the board was provided the following PTR options.

Grades	PTR Increase FTE		
	1	3	5
K-12	60	173	274
4-12	34	101	164
6-12	28	78	118

Grades	PTR Increase Amount (\$ millions)		
	1	3	5
K-12	\$ 7.10	\$ 20.30	\$ 32.20
4-12	\$ 4.00	\$ 12.00	\$ 19.50
6-12	\$ 3.30	\$ 9.30	\$ 14.10

Based on board guidance/consensus from the majority of the school board during the December 10th Work Session, the Administration recommends the board approve a PTR +1 for grades K-12.

Change ASD Virtual (ASDV) to provide this option only to Middle & High School Students during FY24 - \$690,000

The number of Students who used ASDV during the Covid-19 pandemic was very high, so the District resourced that program with 20 teachers. This year the number of elementary students in ASDV dropped significantly to 150, so the Administration is requesting elimination of the elementary portion of this program. The Administration will develop alternate choices for the elementary students next year, and will also continue to look at the remainder of the program for additional cost reductions.

IGNITE - \$2.4 million

The Administration briefed the board several times on the potential to eliminate the IGNITE program, saving \$2.4 million. Based on board guidance/consensus from the majority of the school board during the December 10th Work Session, the Administration is recommending no change to the IGNITE program for FY24, and requests approval from the board to eliminate this option during the budget development process in January, 2023.

Reduce District Administration - \$2.1 million

The Administration has developed a list of potential reductions in personnel and other costs related directly to the District Administration. Based on board guidance/consensus from the majority of the school board during the December 10th Work Session, the Administration is recommending board approval for these reductions.

Operation Reductions - \$1 million

The Administration has developed a list of potential reductions in personnel and other costs related to the District's Operations. These reductions include Sub & Temp reductions, some full-time staff, and supplies & equipment. Based on board guidance/consensus from the majority of the school board during the December 10th Work Session, the District recommends approval of these reductions.

Dome Rental - \$235,000

The Administration has considered reducing the Dome Rental contract during several years of budget discussions. Anchorage is the only School District with an indoor Dome that supports spring track/field & soccer. The District also contracts for snow removal operations on fields and tracks during the spring. Based on board guidance/consensus from the majority of the school board during the December 10th Work Session, the Administration recommends retaining the Dome contract for FY24.

6th Grade Band & Orchestra - \$2.5 million, or 6th Grade to Middle Schools

The Administration recommended consideration of either eliminating the 6th Grade Band and Orchestra program, or beginning a multi-year process of moving elementary 6th Grade Students to Middle Schools starting in FY24. During the December 10th Work Session this was discussed by all board members, and there appeared to be support in moving Elementary 6th Grade Students to Middle Schools in a 2-3 year phased movement. The Administration recommends retaining the Grade Band & Orchestra program at Elementary Schools, downsizing it as Students move from Elementary Schools to Middle Schools, where many of the Teachers will be reassigned at the gaining Middle Schools. The Administration will come back to the Board with an updated plan during the FY23 second semester.

State Bond Debt Reimbursement funds – Up to \$8 million

The Administration recommends the Board approve Administration's flexibility to use up to \$8 million during development of the FY24 budget in January, 2023. These funds will be used to balance the remaining deficit as the detailed budget is finalized during the month of January, 2023.

JB /MS/JA/RH/MF/MT/AR

Prepared by: Andy Ratliff, Senior Director, OMB

Approved by: Jim Anderson, Chief Financial Officer
Mark Stock, Deputy Superintendent

Motion & Voting

To approve/amend the FY 2023-2024 budget recommendations as final guidance for the development of the budget in January 2023 as amended. The FY 2023-2024 budget will be presented for Board approval in February 2023 to meet the timelines provided in the Municipal Charter.

Motion by Carl Jacobs, second by Kelly Lessens.

Final Resolution: Motion Passes

Yea: Margo Bellamy, Pat Higgins, Andy Holleman, Carl Jacobs, Kelly Lessens, Dora Wilson

Nay: Dave Donley

To amend the memorandum by removing the paragraph entitled State Bond Debt Reimbursement.

Motion by Carl Jacobs, second by Kelly Lessens.

Final Resolution: Motion Passes

Yea: Margo Bellamy, Carl Jacobs, Kelly Lessens, Dora Wilson

Nay: Dave Donley, Pat Higgins, Andy Holleman

To remove the paragraph titled School Closure-\$974,000

Motion by Pat Higgins, second by Andy Holleman.

Final Resolution: Motion Fails

Yea: Pat Higgins, Andy Holleman

Nay: Margo Bellamy, Dave Donley, Carl Jacobs, Kelly Lessens, Dora Wilson

§