

Strategic Initiative	Budget Implications
	resources to continue a high school credit recovery program.
Create a coordinated professional development system that is responsive to achievement data, aligns with school and district improvement efforts, and maximizes the investment of district resources.	This budget shifts much of the professional development to the Title II grant. It eliminates the professional development component of the Next Generation plan for the high schools. The instructional coaches will assist in the implementation of the new elementary literacy curriculum. It includes money for equity training.
Strengthen our human resources strategy with improved hiring, orientation, training, feedback, and evaluation system.	This budget reduces the resources to seek stellar people for vacant positions. New employee orientation was instituted several years ago and remains in the budget. The district (both teachers and administrators) are developing a new teacher and principal evaluation system as required by the State. This requires minimal resources in FY 2015, but will require more resources during its first year of implementation.
Strengthen community partnerships to enhance relevance in career technical programs, service learning, and across the curriculum.	Resources are continued to be provided in next year's budget.
Develop and implement a service culture and efficient system of support at the District office.	Professional development for this was cut from the budget.

BACKGROUND:

Prudent financial management is a fundamental responsibility of the Juneau School District (District). Efficient budgeting is essential in order to provide a solid base of core academic programs and maintain a staff of quality professionals. It is anticipated that state and local funding will not provide revenue to fund the current level of operations. Thus, a balanced budget for FY 2015 requires careful evaluation of all proposed expenditures.

The administrative team met many times, beginning in November 2013, to recommend a FY 2015 budget. The administrative team is composed of all principals, assistant principals, coordinators, supervisors, and the Superintendent's cabinet.

The Board appointed a budget committee composed of a representative from each site council, a representative each from the JESS and JEA unions, and three community at-large members. This committee met seven times. The administrative team presented their budget to the budget committee on January 21, 2014. Since that time, the Budget Committee has explored a wide range of questions and alternatives to the administrative

proposal. The Committee's work was both thoughtful and detailed. The committee recommended several modifications to the administrative team's budget. The budget committee submitted a written report to the Board of Education at their March 4, 2014 meeting. The administrative team greatly appreciates the commitment of and work done by the budget committee.

The administrative team reviewed the budget committee's report Wednesday, March 5, 2014. The administrative team heard the budget committee concerns and studied their written report. They felt comfortable postponing for one year the purchase of secondary mathematics curriculum materials (\$400,000). They kept funding for an elementary curriculum materials purchase. The administrators were concerned about the end of the 21st century grant which pays for the credit recovery program for high school students. Other funding has been sought, but it does not appear to be forthcoming. The administrators raised this as their highest priority when considering budget priorities. Likewise they are very concerned about increased high school graduation requirements and loss of teachers to provide diverse courses to meet high school students' needs, including meeting the requirements of the Governor's Performance Scholarship. Accordingly, their first priority was to budget for a replacement program for high school credit recovery (\$141,000), and their second priority was to budget for an extra teacher (1.00 FTE) at each of the two larger high schools. They reviewed and modified their addback list in case there are additional resources. Their addback list is similar in concept to the budget committee's list of highest priorities to restore to the budget. A copy is attached.

There are two other modifications. Registration for upcoming 9th graders is nearly complete, with the JDHS and TMHS enrollments adjusted. The estimate for the payment by the State into the retirement systems on behalf of the District was increased based on the latest actual estimate. Their recommendations were:

	Preliminary Budget January 21	Budget Committee March 4	Proposed Budget Administrative Team March 5
Operating Fund Budget			
Revenue and Other Sources			
Preliminary Budget	76,993,053	76,993,053	76,993,053
Increase for On-Behalf PERS and TRS			4,817,800
Increase for revising 9th grade student projections			6,198
<i>Total Revenue & Other Sources</i>	<u>76,993,053</u>	<u>76,993,053</u>	<u>81,817,051</u>
Expenditures			
Preliminary Budget	75,215,053		
Increase in full cost allocation	32,791		
Increase in salary and benefits	1,431,324		
Tighten curriculum purchase	-200,000		
Reduce staff travel	-10,000		
<i>Administrative Revision Feb 5</i>	<u>76,469,168</u>	76,469,168	76,469,168
Postpone purchase of secondary math curriculum		-400,000	-400,000
Increase 3 -5 PTR by 1 instead of 3		102,481	
Increase K -2 PTR by 1 instead of 3		307,443	
Increase 6 - 8 PTR by 1 instead of 3		307,443	
Increase 9 - 12 PTR by 1 instead of 3		204,962	
Reduce IT refresh cycle		-250,000	
Increase K - 2 PTR by 0 instead of 1		307,443	
Budget for music curriculum		50,000	
Have 10 nurses, no health aides		162,665	
Restore elem. special ed. resource room teachers		563,646	
Increase 3 - 5 PTR by 0 instead of 1		307,443	
Restore 1.0 custodian		66,523	
Postpone elementary language arts curriculum		-500,000	
Increase middle school activities		33,530	
Reduce instructional coaches to 2		-409,924	
Restore hs special ed. resource room teachers		204,962	
Eliminate AVID program		-378,842	
Increase support for high school activities		140,000	
Restore 1.80 FTE bulge positions		184,466	
Establish a high school credit recovery program			143,474
Allocate 1.00 FTE teachers to each large hs to meet graduation requirements			204,962
Increase for On-Behalf PERS and TRS			4,817,800
<i>Total Expenditures</i>	<u>76,469,168</u>	<u>77,473,409</u>	<u>81,235,404</u>
Ending Fund Balance	<u>523,885</u>	<u>-480,356</u>	<u>581,647</u>

The following are key assumptions and estimations regarding the FY 2015 budget:

Enrollment

1. Enrollment will be 4,790, a decrease of 43 students from October 2013.
2. There will be 83 students meeting intensive needs criteria on October 24, 2014.

Revenue

1. The Legislature will not enhance the state's foundation program, i.e., the base student allocation will remain unchanged at \$5,680.
2. CBJ will appropriate funds at the maximum level permitted by law for general school operations.
3. The State Legislature will appropriate \$25 million as one-time money to local school districts for energy relief.
4. The E-Rate revenue estimate will increase by \$105,000 to \$175,000 noting that the District received \$90,000 in FY 2013.
5. CBJ will further appropriate \$770,000 for pupil transportation, Community Schools, and activities.
6. The District will carry over into FY 2015 \$968,976 as its beginning operating fund balance.
7. The Legislature will fund pupil transportation in FY 2015 at a 1.5% increase over the FY 2014 rates.

Expenditures

1. The FY 2015 budget was increased for the recently settled JEA negotiated agreement. It further assumes that other employee groups will receive a similar enhancement to their salary or wage schedule and to their health insurance. The budget assumes that every employee advances a step and/or column for experience on their respective salary schedule.
2. The average teacher will cost \$102,481, including substitutes. (This does not include additional pay due to special education teachers or related specialists as required by the negotiated agreement.)
3. The average special education para-educator will cost \$58,618.
4. Fuel oil costs will average \$3.60 per gallon for 290,200 gallons of fuel.
5. Electricity rates will remain at their present rates at an average of 11.5 cents per KWH.
6. Likewise, other utility costs will remain the same.
7. The indirect cost rate for FY 2015 will be 4.93% as submitted to the Department of Education and Early Development.
8. The teacher allocation ratio used to calculate the number of classroom teachers will be:

K - 2: 25:1
3 - 5: 29.5:1
6 - 8: 26.5:1
9 - 12: 31.25:1

This is an allocation formula, and does not represent actual class sizes. If the Legislature increases the base student allocation, this will be lowered resulting in a lower class size.

There are many other factors that budget for other teacher positions.

9. Each school will have a principal with both comprehensive high schools and both middle schools having an assistant principal.
10. The District will budget for classified staffing at elementary, middle, and high schools as approved in the FY 2014 budget.
11. Schools will be allocated money for its instructional program at 5% less than in FY 2014:

Elementary:	\$124 per student, including pre-school students
Middle School:	\$157 per student
High School:	\$163 per student
12. The District will transfer \$198,500 to the high school activities fund, a reduction of \$140,000 from the FY 2014 level. In addition it will budget for an activities director, clerical support (at 3.00 FTE), and middle school (at 50% of the FY 2013 level) and elementary school extra duty contracts.
13. It will budget \$550,000 for technology refresh cycle.
14. It will budget \$500,000 for elementary curriculum materials.
15. It will continue to budget for AVID and MAPS testing.

This budget was prepared using enrollment projections previously shared with the budget committee although the ninth grade projections were updated based on the school the incoming students selected. This enrollment update increased revenue by \$6,198.

There were some increases to the budget. Among the more significant increases:

- Adjust salaries and benefits based on the JEA settlement, and assuming that other employee groups will have a similar settlement;
- Adjust salaries and benefits for current people to move on their salary schedule;
- Increase the amount for technology refresh so that it is refreshed on a four or five year cycle, depending on the nature of the item;
- Increase curriculum materials budget for elementary language arts;
- Increase the budget for additional bandwidth; and
- Adjust property, liability, and workers' compensation insurance to levels set by CBJ.
- Provides resources for high school credit recovery and increased high school graduation requirements.

In order to balance the budget, the administrative team recommended \$4.4 million in reductions. Significant budget reductions:

- Increase teacher allocation ratios by 3 in grades K - 12 (19.50 FTE);
- Reduce the number of special education resource room teachers by 7.50 FTE;
- Reduce 1.00 FTE speech position;
- Reduce 1.00 FTE psychologist position;
- Reduce vision specialist position to .50 FTE;
- Eliminate the bulge (teacher contingency) positions (1.80 FTE);
- Reduce support for high school activities by \$140,000;
- Reduce non-personnel expenditures by 5% or more;

- Eliminate several student services administrative assistant positions (2.50 FTE)
- Reduce 1.00 FTE custodian position; and
- Eliminate remaining funding for the Next Generation program.

There is a complete list of budget increases and reductions attached.

The FY 2015 budget includes all funds, not just the Operating Fund. CBJ develops a two year budget. The District needs to submit its request for funding in FY 2016 as well. The FY 2016 estimate is based on projected enrollment, reduced number of students eligible for intensive needs funding (79), and an increase in assessed values of 1%. It assumes no change in funding outside the cap. These budgets are seeking funding from CBJ as appears below:

Request for Funding	FY 2014 Budget	FY 2015 Budget	FY 2016 Budget
	Approved District Budget	Proposed District Budget	Proposed District Budget
<i>Base Student Allocation</i>	5,680	5,680	5,680
Operating Fund for General School Operations	24,134,400	24,327,600	24,337,100
<u>Requests Outside the Cap</u>			
General Fund			
Pupil Transportation--			
--After School Activities	35,000	35,000	35,000
--Homeless Students	35,000	35,000	35,000
Community Schools	135,000	135,000	135,000
High School Activities	365,000	365,000	365,000
	<u>570,000</u>	<u>570,000</u>	<u>570,000</u>
Roaded Service Fund Activities	200,000	200,000	200,000
<i>Total Requests Outside the Cap</i>	<u>770,000</u>	<u>770,000</u>	<u>770,000</u>
<i>Total Requests for Funding</i>	<u>24,904,400</u>	<u>25,097,600</u>	<u>25,107,100</u>

The District is required to submit to City and Borough of Juneau a comprehensive budget, including the Operating Fund, special revenue funds such as Pupil Transportation, grant funds, and the activity funds. The complete budget includes enterprise and agency funds as well. The Assembly has the sole legal authority to appropriate funds for the District's spending. The following table summarizes the total FY 2015 budget:

Fund Group	Estimated Fund Balance July 1, 2014	Revenue and Other Financing Sources	Expenditures and Other Financing Uses	Estimated Fund Balance June 30, 2015
Governmental Funds				
Operating Fund	\$ 968,976	\$ 80,848,075	\$ 81,235,404	\$ 581,647
Special Revenue Funds	850,993	6,026,800	6,089,607	788,186
Activity Funds	15,397	718,500	718,500	15,397
Other Special Revenue Funds	-	5,876,172	5,876,172	-
<i>As Submitted to Board by</i>				
<i>by Superintendent</i>	1,835,366	93,469,547	93,919,683	1,385,230
Less Tax Supported Student Activities Fund		(200,000)	(200,000)	
<i>Subtotal Governmental Funds</i>	1,835,366	93,269,547	93,719,683	1,385,230
Enterprise Fund				
House Building Project	40,860	320,000	320,000	40,860
Agency Funds				
Student Activities Fundraising	568,600	1,950,000	1,950,000	568,600
Dryden	41,000	3,000	3,000	41,000
JEA Sabbatical	5,300	15,000	15,000	5,300
<i>Subtotal Agency Funds</i>	614,900	1,968,000	1,968,000	614,900
<i>Total Funds per CBJ</i>	\$ 2,491,126	\$ 95,557,547	\$ 96,007,683	\$ 2,040,990

The proposed budget has been distributed by e-mail to Board members, administrators, supervisors, and union representatives. Copies of this budget were distributed to the schools for their libraries and staff rooms. In addition, the FY 2015 proposed budget may be obtained from the District's web site.

CURRENT ISSUE BEFORE THE BOARD:

There are several key issues before the Board. The basic issue is how to best allocate district resources to best improve student achievement: to reduce the number of students achieving below grade level; to reduce the drop-out rate; and to increase the graduation rate. The specific issue before the Board of Education is whether to approve the FY 2015 budget as presented, or to amend it and then approve it. The Board's focus should be how the proposed budget allocates resources to best achieve student growth. The budget is a key resource for our mission of ensuring **each one, every one of our students graduates prepared to succeed beyond high school.**

There are now four options before the Board for consideration:

1. The original budget proposal offered by the administrative team;
2. The proposed budget amended by the budget committee;
3. The revised administrative team budget; and
4. Some combination of these items or other alternatives from the Board.

There are several other, very specific issues that were debated by the budget committee. Among them:

- Increased class sizes based on a higher teacher allocation ratio;
- Whether to purchase in FY 2015 a new elementary language arts curriculum;
- Effectiveness and fidelity of the AVID program, and whether to continue it; and
- Effectiveness and necessity of the elementary instructional coach program.

The Board of Education needs to consider its request for local funding. The budget assumes a base student allocation of \$5,680, the current figure in state law. If the Legislature increases the base student allocation by \$85 as recommended by Governor Parnell, the City and Borough of Juneau can increase its appropriation by an additional \$140,000.

RECOMMENDATION:

The administration recommends adoption of the FY 2015 budget as developed by the administrative team.

PROS/CONS:

Pros:

This is a comprehensive, transparent, and understandable budget. It stresses adherence to the strategic plan. As much as possible, proposed reductions are away from the classroom. If passed, it allows school operations to continue for the next school year.

It does not depend on the Legislature and Governor approving additional state money for the schools beyond the figure in state law.

Cons:

This budget depends on one-time money for a budget transfer and utilizes fund balances to balance the budget.

This budget affects the lives of several stellar employees. Some will move to new roles within the District.

BUDGET IMPLICATIONS:

This is the budget itself. It describes in financial terms next year's educational program. The District may get the chance to enhance the budget if the Legislature and the Governor allocate additional funding.

The purchase of secondary mathematics (\$400,000) and music curriculum (\$50,000) materials is postponed until the following year. The District should be purchasing K - 12 physical education (\$50,000 to \$200,000) and social sciences materials (estimated at \$400,000) from the FY 2016 budget. Postponing these purchases means these costs will be added to the FY 2016 curriculum materials budget, thereby exacerbating next year's budget difficulties.

NEXT STEPS:

This is the first reading of the FY 2015 budget. The second and final reading is scheduled for March 25, 2014. There will be opportunities for public testimony at both meetings.

The FY 2015 budget must be submitted to the City and Borough of Juneau by March 31, 2014.

The Assembly has 30 days from March 31 to inform the District how much they intend to appropriate to the School District for general school operations. Typically the Assembly's Finance Committee schedules a meeting on the second Wednesday of April (in this case April 9) to review the School District's budget. They have a regular Assembly meeting scheduled April 28, 2014 to notify the District of the amount they intend to support general school operations. They have until the end of May to enact an appropriating ordinance adopting the total School District FY 2015 budget although they can make an additional appropriation at their June meeting for special items.

The Legislature adjourns April 20, 2014. The District has scheduled two special Board meetings in case the Legislature enhances State revenue to the District, or does something else requiring a change to the budget. They are scheduled for Tuesday, April 22, 2014 and Thursday, April 24, 2014.

In April principals will review teacher and staff allocations, review their instructional needs, and work with the Human Resources department to retain, reduce, or hire staff as needed in compliance with the appropriate bargaining unit agreements.

MOTION:

I move that the Board of Education approve the FY 2015 Budget in the amount of \$96,007,683 with funding from the City and Borough in the amount of \$25,097,600 for FY 2015 and also seeking an appropriation of \$25,107,100 for FY 2016.

Attachments

- FY 2015 Proposed Budget (Summary only)
- Revised FY 2015 enrollment projection
- Factors Contributing to Operating Fund Budget Shortfall
- Adjustments to Balance the Operating Fund Budget
- Summary of Curriculum Materials Purchased Over Six Years
- Prioritized List of Recommended Addbacks to Operating Fund