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Matanuska-Susitna Borough School District prepares students for success



Matanuska-Susitna School District Testimony to the House Finance Committee

***Michael Dunleavy
President, Matanuska-Susitna Borough School District
Board of Education***



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MSBSD School Board

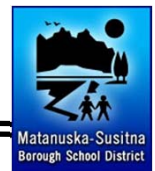
Mission: Mat-Su Borough School District prepares students for success

March 27, 2012

Dear House Finance Committee:

My name is Michael Dunleavy. As the president of the Mat-Su School Board, I want to thank you for this opportunity to speak on behalf of the Mat-Su School Borough District. It is with great respect for you and pride for my community that I share the current fiscal reality, instructional challenges, and future goals of the Mat-Su School District. For those members who are not familiar with our school district, let me start by providing a minds-eye picture of the Mat-Su School District:

- The Mat-Su Borough is located 35 miles north of Anchorage seated alongside the Susitna and Matanuska rivers
- Our Borough spans 25,000 miles making the district's student transportation a priority and challenge
- Mat-Su School District is the largest employer in the Borough, with approximately 2,500 employees
- The Mat-Su Borough passed its largest bond in October 2011, allowing for new school construction and renovation
- MSBSD educates 17,500 students, with an average annual enrollment growth of 425 students over the last ten years.





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- Our programs operate in 44 schools allowing for parent and student choice that include, but are not limited to:
 - ✓ small community schools
 - ✓ charter schools—MSBSD houses six charter schools
 - ✓ comprehensive high schools—MSBSD has four large high schools
 - ✓ neighborhood elementary and middle schools—MSBSD offers 20 neighborhood elementary schools and six middle schools
 - ✓ special mission schools focusing on: language immersion, career and technical education, and STEM (just to name a few)
 - ✓ alternative/credit recovery schools
 - ✓ vibrant and growing home school programs, including the completely renovated Mat-Su Central School.

With this information in mind, I will share the answers to your questions posed for this testimony. After the presentation, I welcome your questions about the operations, programs, and goals of the Mat-Su School District.

Thank you,

Michael Dunleavy, President
MSBSD School Board

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What is your FY13 total school district budget? What percentage goes to personnel?

As you can see from the table below, total District budget (not including PERS/TRS) is \$205,352,831 and 83.31% goes to personnel costs. Total District budget (including OBO) is \$231,127,831.

FY13 General Fund Budget Expenditures			
\$	205,352,831	Not including OBO	83.31% Employee Compensation
\$	231,127,831	Including OBO	

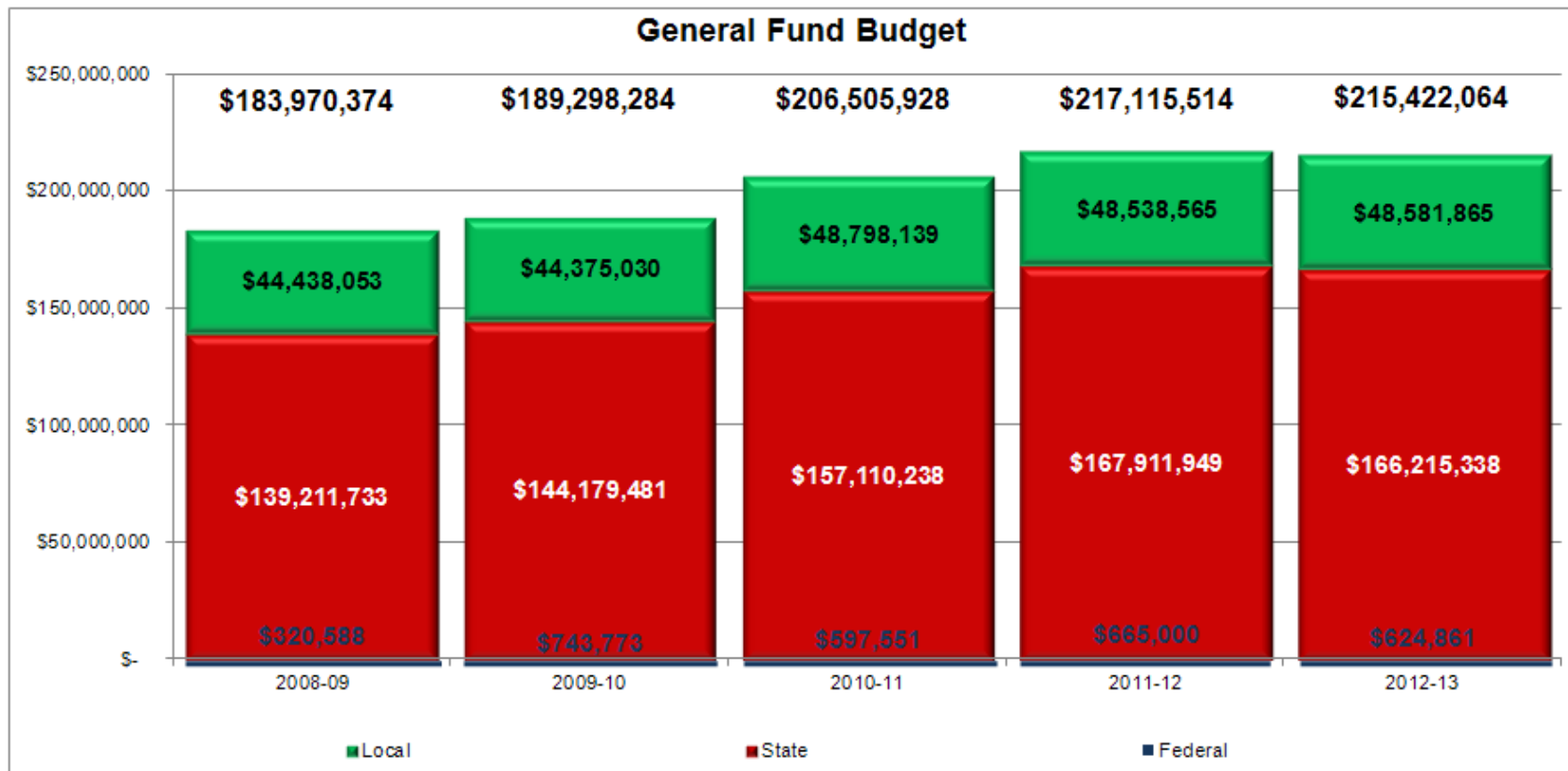


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Provide a graph that shows your total school district budget from FY09-FY13 (5 years), broken down by funding source (state/local/fed/mix).



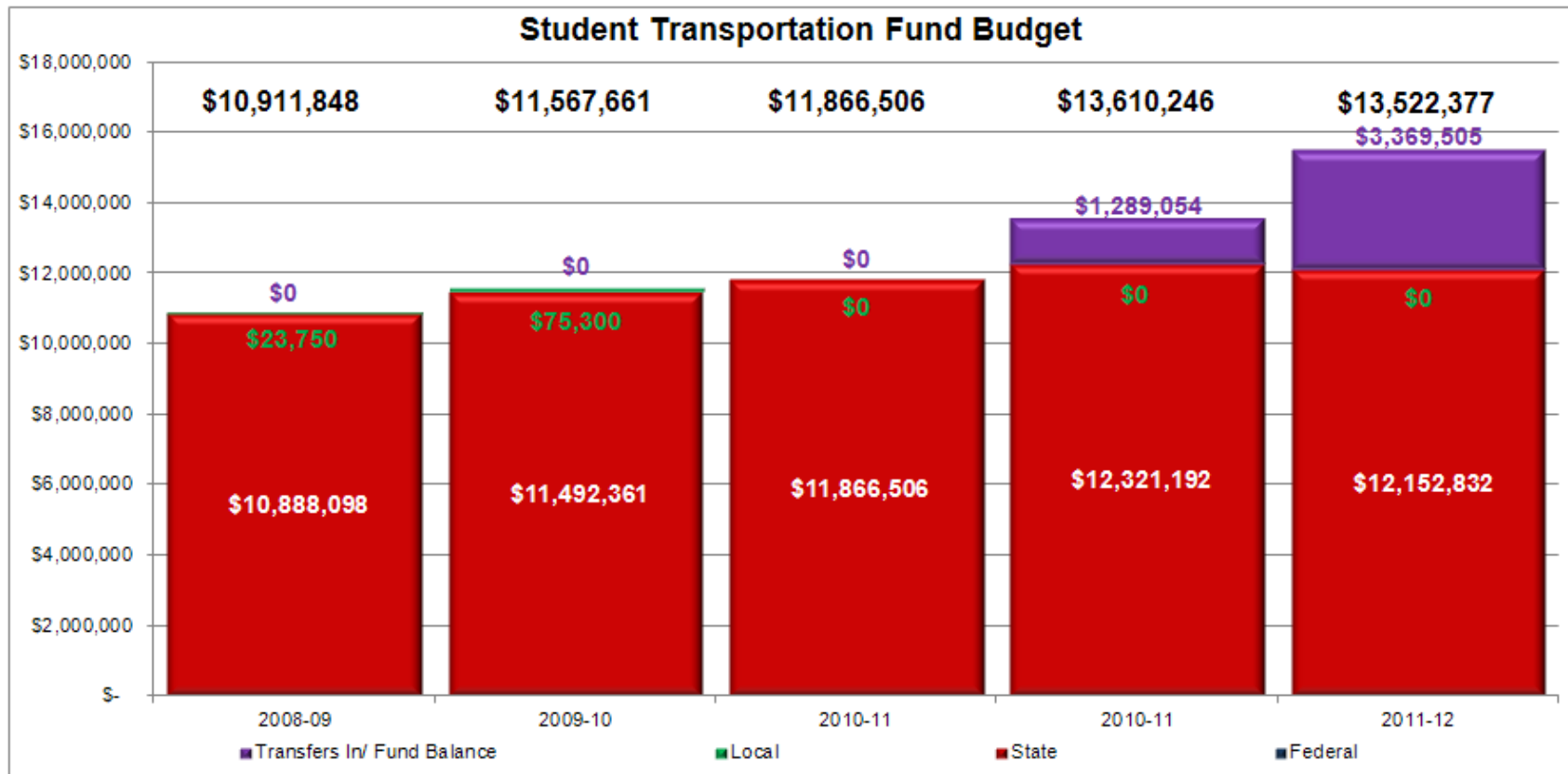


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***Provide a graph that shows your total school district budget from FY09-FY13 (5 years), broken down by funding source (state/local/fed/mix).
(Cont.)***



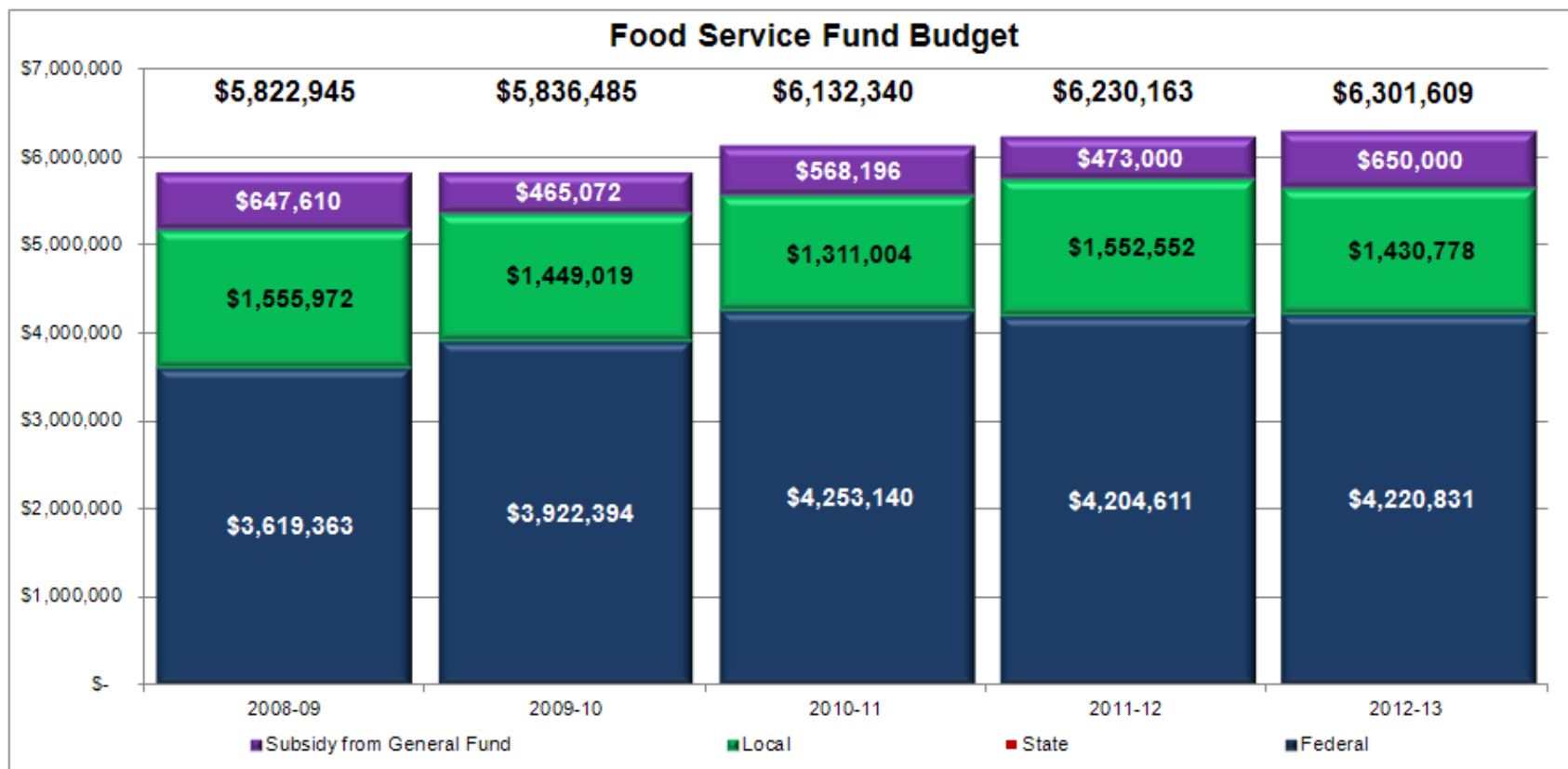


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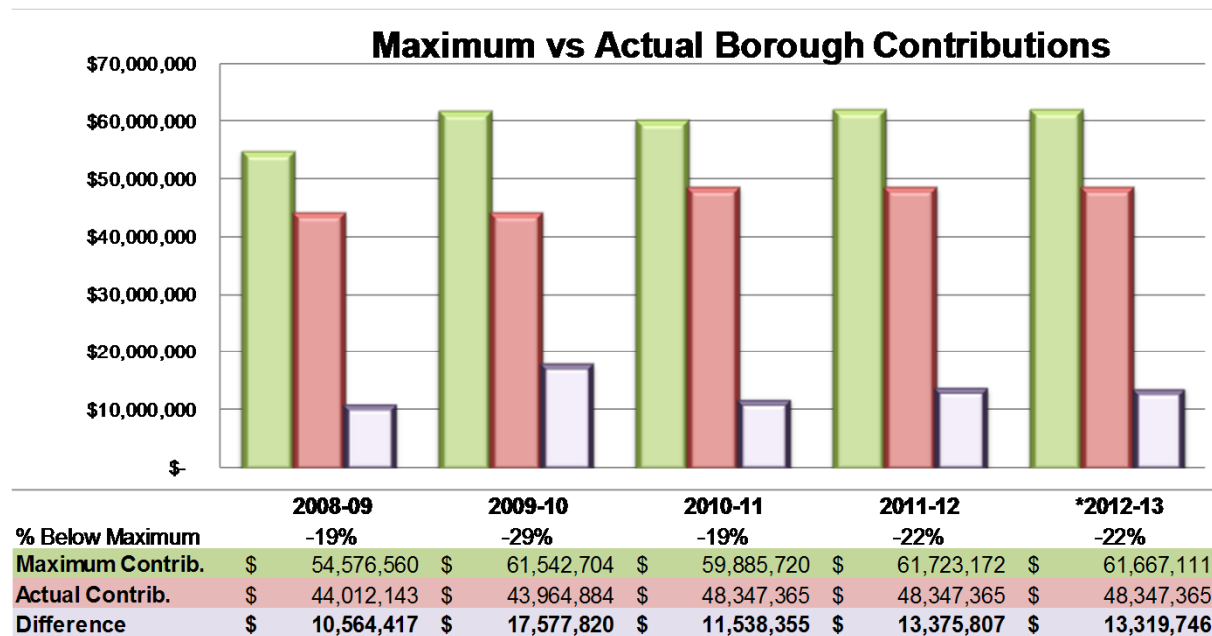
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***Did you fund to the total allowable local contribution in FY12? In FY13?
If not, how much below were you? Why?***

As you can see from the chart below, the District does not receive the total allowable local contribution. The Matanuska-Susitna Borough determines local contribution amounts. The District request has been, and continues to be, for increased local funding. FY13 amounts have yet to be determined.



* Not yet determined



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How much has the state contributed to the PERS/TRS unfunded liability on behalf of your school district in FY12?

Estimated On-Behalf Funding contributed to the PERS/TRS unfunded liability for **FY12** is **\$26,000,000**

How much is the state scheduled to contribute for PERS/TRS unfunded liability costs on behalf of your district in FY13?

On-Behalf Funding for **FY13** is anticipated to remain at approximately **\$26,000,000**



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When was your most recently ratified teacher contract put into place?

The most recently negotiated teacher contract was ratified by the School Board on November 17, 2010, prior to learning that multiple year funding increases, then the norm, would not be continued.

What were the terms? (salary and benefits increases/decreases per year, in percentages {or dollars, if appropriate})

Terms:

- i. Three year contract, retroactive to July 1, 2010 through June 30, 2013
- ii. Salary increases of 1.75% in FY11, 2.00% in FY12 and 2.00% in FY13
- iii. Health Insurance – Committee was established to look at containing the rising cost of health insurance. Any increase will be shared 50/50 by employees and the District in FY13
- iv. Per diem rate for duties and professional development for teachers working outside of the school day **reduced by an average of 33%**





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What is your average teacher salary?
What is your starting teacher salary?

FY13 Teacher Salaries

Average	\$ 69,084.00
Starting	\$ 44,195.00



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Did you negotiate significant salary increases in your labor contracts for FY2013? If yes, why did you do that given the current funding situation/debate?

No; all four bargaining agreements were ratified November 17, 2010 and were multi-year agreements. Salary increases for all groups are based on two components:

1. Salary schedule increases, which were 2.00% for the FY13 year and are the negotiated increases agreed to in 2010
2. Regular step and column movements, which have been a component of the contract for years far preceding the current contract, effectively making them “status quo” under federal bargaining rules, requiring a substantial effort to remove them from the contract.

Our increases were moderate compared to many other agreements in place at the time, and the funding scenario for the State and District was different at the time of ratification. In addition, we were successful the year that ratification occurred in implementing a Supplemental Employee Retirement System, which increased natural attrition by over 400%, helping us reduce annual operating expenses in excess of \$7 million annually.





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What are the cost drivers in your budget?

Cost drivers in the District's budget consist primarily of:

1. Increasing health insurance costs
2. Increasing compensation costs, due to multi-year contract and status quo provisions
3. Increasing student transportation costs (see next slide)
4. Inflationary cost pressure for required purchased services (data network, software licenses, etc.)
5. Increasing utilities costs





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What are the cost drivers in your budget? (Cont.)

New Transportation Contracts

- Alaska Statute 23.10.065 (b) states in the pertinent part that “an employer shall pay to each person employed as a public school bus driver wages at a rate of not less than two times the minimum wage...”
 - This was the single largest requirement increasing our costs in the new transportation contract, which was competitively bid. By taking the low bid the District saved over \$11 million over the five year life of the contract.
- Our contractors fleet is old. To eliminate service disruptions our new contract requires that the average age of the fleet not exceed 10 years and no bus may be more than 12 years old; this requires an investment in new buses by the contractor.
- To ensure student safety we now require two digital cameras on all buses. This significantly improves student behavior making the bus environment much safer for both students and drivers.
- **Only Home-to-School transportation expenses are submitted to the State for reimbursement.**





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***How much were your energy costs in FY11?
How much do you project them to be in FY13?***

Energy (only) Costs			
Actual	FY11	\$ 3,984,290	
Projected	FY13	\$ 4,274,900	7.3% Increase

Total Utilities			
Actual	FY11	\$ 4,956,546	
Projected	FY13	\$ 5,731,550	15.6% Increase





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Do you have a system in place to make budget adjustments when enrollment drops – how do you approach this?

Yes; the District does have a plan in place and is currently using it to equally allocate the reduction in funding that the District is now experiencing.

Ratios and metrics are used to fairly distribute reduced funds, providing full transparency to our budget. The ratios and metrics along with all budget scenarios are promptly posted to the District website to allow for public review.





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What are your biggest instructional challenges?

The biggest instructional challenge for the Matanuska-Susitna Borough School District is trying to counter the demands placed on us by NCLB while we seek rigor and high standards for all.

Specifically, to be responsive and provide the increased number of intervention courses required, our class sizes are organized for smaller groups. This essentially puts our district in a position of having to reduce offerings to our mid and upper level achieving students.

Our dilemma is to continue to offer enrichment through AP (Advanced Placement), STEM (Science, Technology, Engineering, Math), National Math and Science Initiatives and grow these programs so that we move the mean to the upper end. We are concerned that our reduced level of teacher staffing makes it difficult to place the required resources at the intervention level to address NCLB requirements; thus, we may be contributing to having all students regress to the mean.





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What grade would you give your school district (A-F)?

The Matanuska-Susitna Borough School District is good moving to great!

Our assessment is based on our recent 5 Year Post Graduate study and is fact based and data driven.

We currently rank ourselves a solid 'B' and have implemented programs to move our district to an 'A' with the help of required resources from our state and local borough.





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What are you proposing to do differently to improve student performance?

The Matanuska-Susitna Borough School District is a district that emphasizes choice, innovation and customer service.

We believe education is not “one size fits all.” We provide our community many school models from large to small, neighborhood to special mission, as well as 6 charter school options. Our school programs include but are not limited to: a blended home-school model, foreign language immersion, Knowledge is Power charter, Career Technical focused high school, and STEM (Science, Technology, Engineering, Math). We operate on an RTI (Response to Intervention) model that is often referred to by the state and other districts as a stellar example of how intervention and support should be provided to improve student performance for all. Our District has implemented instructional models that utilize research based programs, taught to fidelity. We have demonstrated the most dramatic literacy improvement in the state (moved early childhood literacy scores upward from 50% proficiency to 79% proficiency). **Post Graduate 5 year study proves that MSBSD students are successful at the college level as well as in the world of work.**





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Is the state providing the kind of planning and curriculum support that is helpful to your school district?

The Matanuska-Susitna Borough School District works closely with the state.

The Matanuska-Susitna Borough School District has been provided opportunities to give input through committee and survey work. The state is accessible when there are questions pertaining to curriculum and responses provide clear direction on how the district should proceed.





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How can the DEED, the Board of Education or other state agencies help you achieve better results, other than just providing you with more money?

The Matanuska-Susitna Borough School District would like to continue to partner with DEED on professional development needs. We would like to continue to utilize existing resources that have been put in place to support academic achievement.

The Matanuska-Susitna Borough School District would like to work with DEED to provide for alternate language in its statewide Home-School provisions allowing our district leverage and flexibility for Matanuska-Susitna Borough School District students to access neighborhood and home school programs without the current penalty of FTE/courses.

We would like to see DEED and the State Board of Education continue to further their work in the area of standardizing a teacher evaluation so that evaluations provide objective criteria for teacher performance.





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How much ARRA funding did you receive over the past few years?

ARRA		
Year	Amount	Purpose
2010	\$ 4,070,437.54	Teacher Staffing
2011	\$ 13,142,674.36	Teacher Staffing and Supplemental Employee Retirement Incentive
2012	\$ 689,000.00	Teachers Staffing and Supplemental Employee Retirement Incentive

How did you invest any ARRA funds you received?

ARRA Funding was invested in Supplemental Employee Retirement System (SERP), reducing on-going operational expenses by over \$7 million annually, and teachers (in order to save jobs that would otherwise have been lost without ARRA Funding)

