

08/21/2013

SENATE

FINANCE

EDUCATION

SUBCOMMITTEE

<TARGET><BILL></BILL><SUBJECT>08-21-2013 SENATE FINANCE
EDUCATION
SUBCOMMITTEE</SUBJECT><COMM>SFIN28</COMM></TARGET>

ALASKA STATE LEGISLATURE

Senator Mike Dunleavy, Chair
Senator Anna Fairclough, Member
Senator Berta Gardner, Member



Senator Pete Kelly, Member
Senator Gary Stevens, Member

Senate Finance Education Subcommittee

Agenda for August 21 Meeting

The times listed are estimates and may change during the meeting.

Wednesday, August 21, 2013

- 8:00 Senator Mike Dunleavy, Chair
Opening Remarks
- 8:15 Mike Hanley, Department of Education and Early Development, Commissioner
Past, Present and Future of the Department of Education Costs
Present and Future Federal Mandates and Fiscal Implications
- 10:00 Break
- 10:15 Dana Thomas, V-P for Academic Affairs, University of Alaska
Cost for Developmental and Remedial Education for Incoming Freshmen
- 11:00 Urban School Districts
Cost of Doing Business
Steve Atwater and Dave Jones, Kenai Peninsula Borough School District
Deena Paramo and Luke Fulp, Mat-Su Borough School District
Stewart McDonald and Lisa Pearce, Kodiak Borough School District
- 12:30 Lunch
- 1:30 Rural School Districts
Cost of Doing Business
Rick Luthi and Laura Hylton, Lake and Peninsula Borough School District
Mike Johnson and Loreen Kramer, Copper River School District
Steve Bradshaw and Cassee Olin, Sitka Borough School District
- 3:00 Break

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Senate Finance Education Subcommittee

Agenda for August 21 Meeting

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- 3:15 Single-Site School District
Cost of Doing Business
Eric Gebhart and Carl Horn, Nenana City School District
- 3:45 Public Comments on Today's Discussion Topics
- 4:15 Committee Recap

State of Alaska

Senate Finance Subcommittee

**Department of Education and
Early Development**

August 21, 2013



Purpose

- Agency (non-formula) historical and current costs
- Impact of Sequestration
- School accountability system changes and supports for districts and schools
- Federal legislation regarding the Elementary and Secondary Education Act (ESEA)
- Future needs

Department of Education and Early Development Alaska State Constitution- Alaska Statutes

Alaska Constitution Section 7.1 – Public Education

Responsibility: To establish and maintain a system of public schools.

Key Functions: Fund, Provide oversight and support, Set standards, Assess students towards standards.

State Education Policy – AS 14.03.015

The purpose of education is to help ensure that all students will succeed in their education and work.

Governing Statutes – Alaska Statutes Title 14

Education Policy Stakeholders Policy Implementation Drivers

Alaska State Legislature

Alaska State Board of Education & Early Development

Federal Programs

Public

Policy Implementation/Maintenance

Historical Fiscal Impact (General Fund Increases)

Standards and School Accountability Systems (Moore Vs. State of Alaska and SB285)

FY09

Maintenance of the HSGQE \$750.0

College and Career Ready (WorkKeys) \$414.0

Longitudinal Data System Support \$610.0

FY10

Intervention and District Support \$1,330.0

FY11

New State System of Support Component \$291.7

FY12

One time increment SSOS Coaches/District Trustee \$400.0

FY13

Comprehensive System of Student Assessment Maintenance \$750.0

SSOS Coaches (Maintained in the base budget) \$250.0

FY14

Comprehensive System of Student Assessment Maintenance \$250.0

Policy Implementation/Maintenance
Historical Fiscal Impact (General Fund Increases)

Early Learning

FY09

Head Start Grants (wait list) \$600.0

FY13

Statewide Literacy Program \$150.0

FY14

K-3 Literacy Project \$320.0

Pre-K Program Funding transferred to Teaching and Learning support in FY12 and is currently a one time item \$2,000.0

Policy Implementation/Maintenance

Historical Fiscal Impact (General Fund Increases)

Priorities of the Alaska State Legislature

FY09

Early Learning Coordination \$307.1

FY10

Head Start Grants \$600.0

Best Beginnings One time item \$200.0

FY11

Alaska Native Science and Engineering Program \$960.0

Best Beginnings One time item \$380.0

Additional Best Beginnings/Parents as Teachers \$600.0

FY12

Theme-based Learning (Iditarod) \$500.0

Best Beginnings (base budget) \$200.0

FY13

Theme-based Learning (Iditarod) \$500.0

North Slope Curriculum Alignment One time item \$330.0

FY14

Theme-based Learning (Iditarod) Final Year \$500.0

Policy Implementation/Maintenance

New General Fund Initiatives

Supported by the 28th Alaska State Legislature

FY14

Alaska Learning Network \$1,100.0

Online with Libraries \$761.8

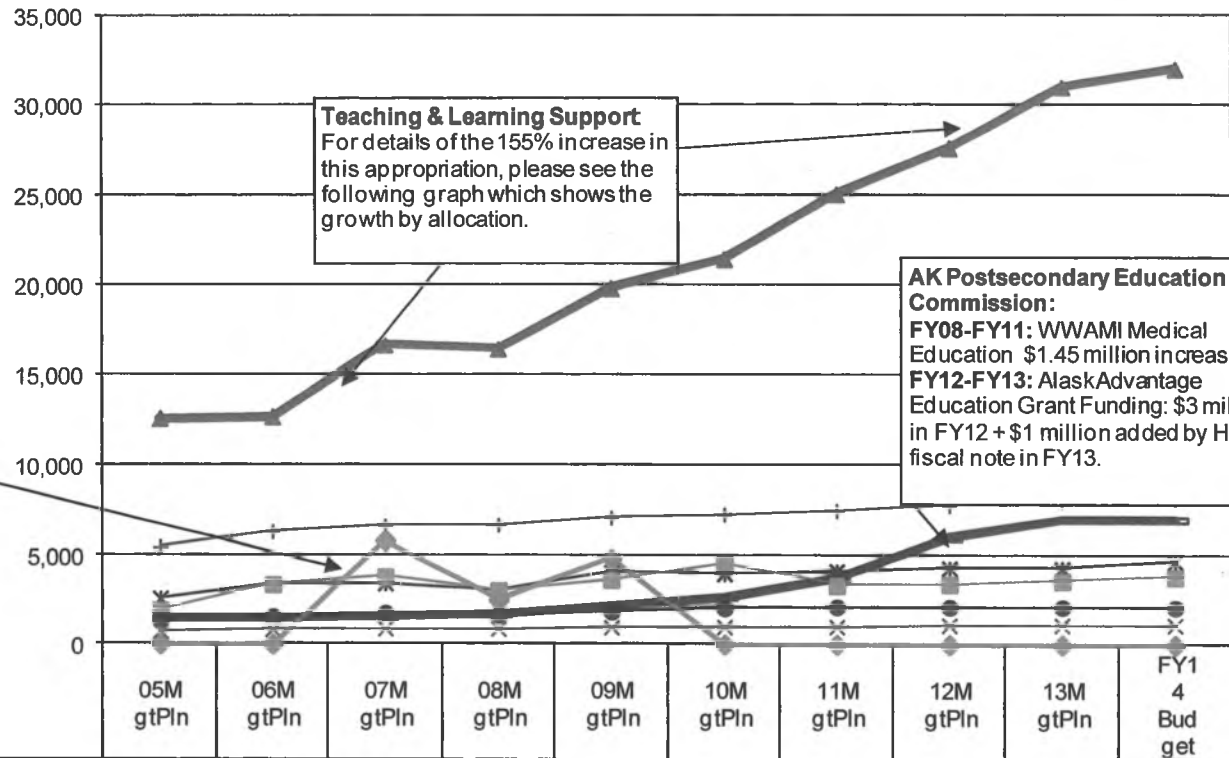
Live Homework Help \$138.2

**Department of Education & Early Development
Non-Formula Budget Comparisons (by Appropriations)
(GF Only)
(\$ Thousands)**

K-12 Support (non-formula)
-- School Performance Incentives
FY07-FY09:
 --FY07 \$5.8 million
 --FY08 \$2.5 million
 --FY09 \$4.8 million
 Authorized by fiscal note for HB13 (Chapter 41, SLA 2006), this non-formula, 3-yr program ended with the completion of the FY09 incentive award distributions.

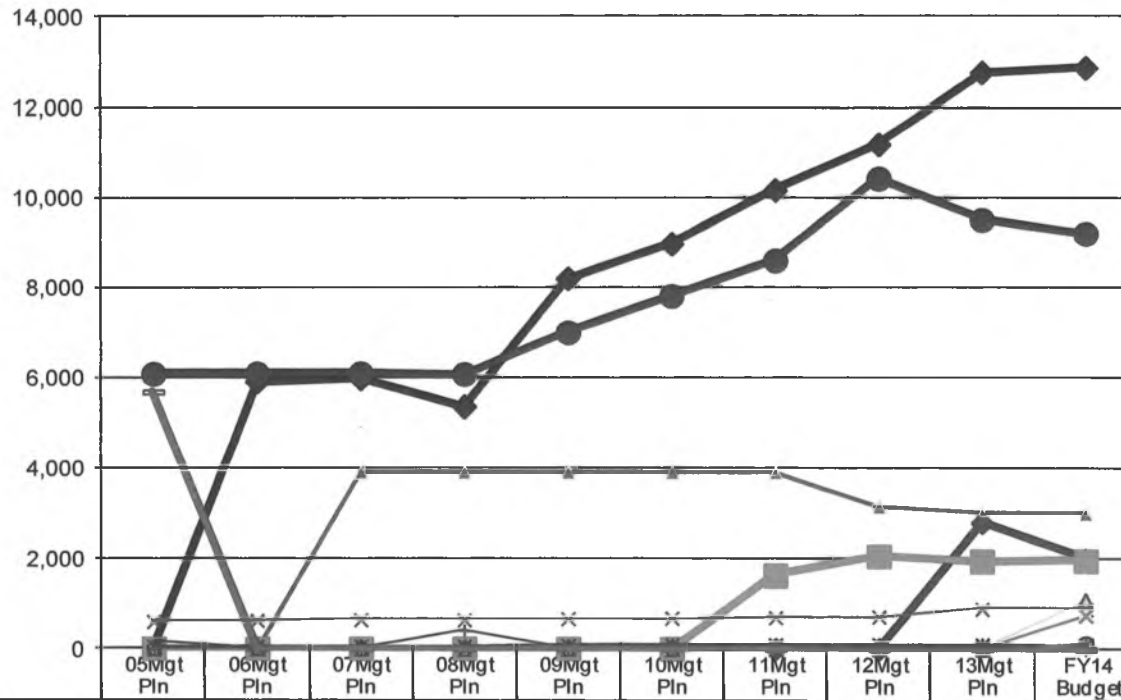
Teaching & Learning Support
 For details of the 155% increase in this appropriation, please see the following graph which shows the growth by allocation.

AK Postsecondary Education Commission:
 FY08-FY11: WWAMI Medical Education \$1.45 million increase
 FY12-FY13: AlaskAdvantage Education Grant Funding: \$3 million in FY12 + \$1 million added by HB104 fiscal note in FY13.



	05M gtPln	06M gtPln	07M gtPln	08M gtPln	09M gtPln	10M gtPln	11M gtPln	12M gtPln	13M gtPln	FY14 Bud get
Teaching and Learning Support	12,566.	12,660.	16,654.	16,427.	19,816.	21,433.	25,057.	27,619.	31,003.	32,017.
Alaska Library and Museums	5,427.3	6,278.1	6,599.8	6,657.5	7,062.8	7,245.4	7,458.5	7,748.4	8,018.7	8,096.9
Alaska Postsecondary Education Commission	1,507.3	1,507.3	1,546.7	1,698.0	2,130.1	2,654.8	3,614.8	5,964.8	6,964.8	6,964.8
Mt. Edgecumbe Boarding School	2,555.7	3,352.7	3,406.4	3,060.2	4,032.1	3,960.6	4,112.3	4,293.1	4,278.4	4,667.4
Education Support Services	1,936.0	3,343.5	3,797.9	3,019.3	3,613.4	4,559.4	3,321.9	3,384.8	3,573.2	3,796.0
State Facilities Maintenance	1,389.5	1,560.3	1,763.3	1,635.2	1,835.2	2,045.8	2,115.8	2,115.8	2,115.8	2,098.2
Commissions and Boards	693.2	801.0	864.1	866.4	947.0	970.3	986.0	1,091.3	1,104.8	1,110.8
K-12 Support	-	-	5,800.0	2,500.0	4,800.0	-	-	-	-	-

Teaching & Learning Support Budget Comparisons (by Allocation)
 (GF Only)
 (\$ Thousands)

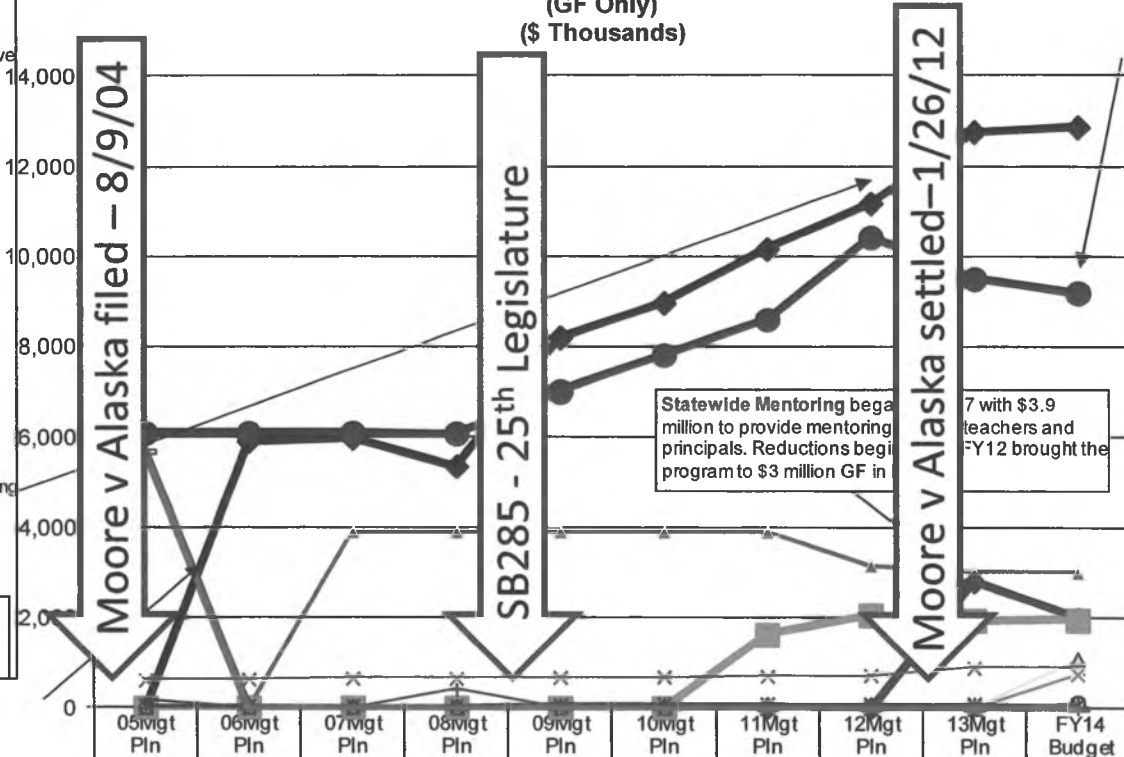


Student and School Achievement	-	5,901.5	5,969.6	5,358.5	8,189.5	8,961.3	10,156.2	11,173.4	12,764.0	12,870.0
Early Learning Coordination	6,076.0	6,080.3	6,084.1	6,068.9	6,989.3	7,799.7	8,584.7	10,414.7	9,492.7	9,184.6
Statewide Mentoring	-	-	3,900.0	3,900.0	3,900.0	3,900.0	3,900.0	3,150.0	3,000.0	3,000.0
Pre-Kindergarten Grants	-	-	-	-	-	-	-	-	2,800.0	2,000.0
State System of Support	-	-	-	-	-	-	1,624.3	2,061.9	1,950.0	1,959.4
Alaska Learning Network	-	-	-	-	-	-	-	-	-	1,100.0
Teacher Certification	605.8	627.8	646.7	646.7	671.3	685.5	702.2	724.2	896.5	901.7
Online with Libraries (OWL)	-	-	-	-	-	-	-	-	-	761.8
Child Nutrition	47.9	50.8	53.7	53.5	66.7	86.6	90.5	95.0	100.0	101.3
Live Homework Help	-	-	-	-	-	-	-	-	-	138.2
Early Learning Programs	-	-	-	400.0	-	-	-	-	-	-
Special & Supplemental Service	162.7	-	-	-	-	-	-	-	-	-
Quality Schools	5,673.9	-	-	-	-	-	-	-	-	-

Student & School Achievement
FY09 - \$1.8 million
 -\$750.0 HS Graduation Qualifying Exam contract
 -\$414.0 WorkReady/College Ready Initiative
 -\$610.0 Alaska Longitudinal Data System
FY11 - \$960.0 Alaska Native Science & Engineering Program (ANSEP)
FY12 - \$500.0 First year of the Development of a Theme-based Learning Program (SB84) (annual appropriation for 3 yrs, with an overall total of \$1.5 million)
FY13 - \$1.7 million
 -\$750.0 Statewide Assessments Contract increases
 -\$500.0 Second year of Theme-based Learning Pilot Program
 -\$150.0 Statewide Literacy Program
 -\$330.0 One-time grant to North Slope Borough School District for Curriculum Alignment, Integration and Mapping
FY14 Budget - \$1.07 million
 -\$250.0 State Assessments Contract increases
 -\$500.0 Third year of Theme-based Learning Pilot Program
 -\$320.0 Kindergarten through 3rd Grade Literacy Project

In FY06, a budget structure change moved all funding from Quality Schools to Student & School Achievement

Teaching & Learning Support Budget Comparisons (by Allocation)
 (GF Only)
 (\$ Thousands)



Early Learning Coordination: (named Head Start Grants in FY05-FY08. From FY09, this allocation includes Head Start Grants plus other parts of the Early Learning program):

FY09 - \$907.1
 -\$600.0 Increase Head Start Grants
 -\$307.1 Early Learning Coordination Funding + 1 PFT position

FY10 \$800.0
 -\$600.0 Increase Head Start Grants
 -\$200.0 Best Beginnings Grants

FY11 \$980.0
 -\$380.0 Best Beginnings Grants
 -Imagination Library
 -\$600.0 Best Beginnings or existing Pre-K Providers of Parents as Teachers increase

FY12 \$2.2 million
 -\$1.7 million transfer-in of Pre-K Funding from K-12 Support Foundation Program (no departmental increase)
 -\$300.0 Intervention Districts Funding
 -\$200.0 Best Beginnings

FY13 (\$1.4 million decrease)
 -(\$2 million) moved to new Pre-Kindergarten Grants allocation
 -\$250.0 added to Early Learning
 -\$325.0 added to Best Beginnings

	05Mgt Pln	06Mgt Pln	07Mgt Pln	08Mgt Pln	09Mgt Pln	10Mgt Pln	11Mgt Pln	12Mgt Pln	13Mgt Pln	FY14 Budget
Student and School Achievement	-	5,901.5	5,969.6	5,358.5	8,189.5	8,961.3	10,156.2	11,173.4	12,764.0	12,870.0
Early Learning Coordination	6,076.0	6,080.3	6,084.1	6,068.9	6,989.3	7,799.7	8,584.7	10,414.7	9,492.7	9,184.6
Statewide Mentoring	-	-	3,900.0	3,900.0	3,900.0	3,900.0	3,900.0	3,150.0	3,000.0	3,000.0
Pre-Kindergarten Grants	-	-	-	-	-	-	-	-	2,800.0	2,000.0
State System of Support	-	-	-	-	-	-	1,624.3	2,061.9	1,950.0	1,959.4
Alaska Learning Network	-	-	-	-	-	-	-	-	-	1,100.0
Teacher Certification	605.8	627.8	646.7	646.7	671.3	685.5	702.2	724.2	896.5	901.7
Online with Libraries (OWL)	-	-	-	-	-	-	-	-	-	761.8
Child Nutrition	47.9	50.8	53.7	53.5	66.7	86.6	90.5	95.0	100.0	101.3
Live Homework Help	-	-	-	-	-	-	-	-	-	138.2
Early Learning Programs	-	-	-	400.0	-	-	-	-	-	-
Special & Supplemental Service	162.7	-	-	-	-	-	-	-	-	-
Quality Schools	5,673.9	-	-	-	-	-	-	-	-	-

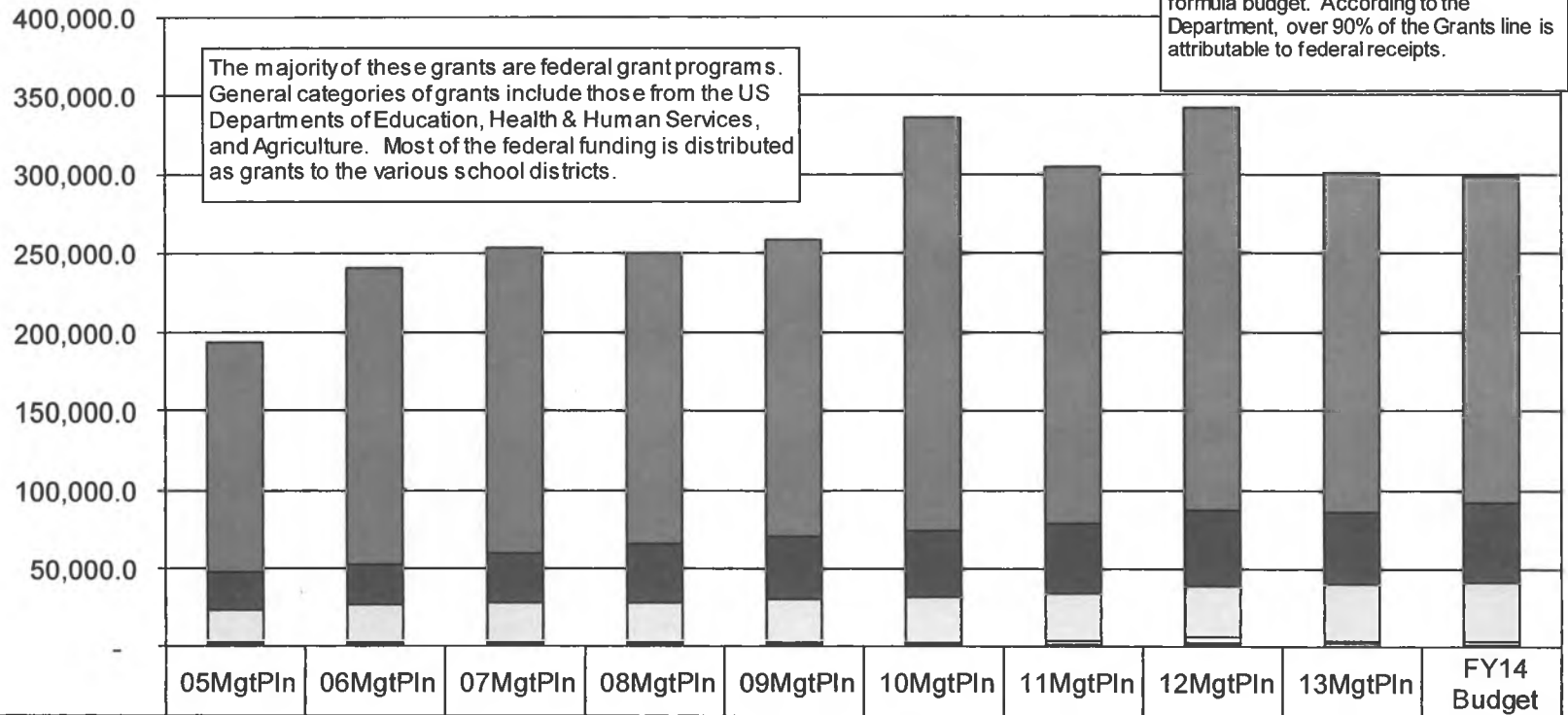
New allocation in FY13 for Pre-Kindergarten Grants - \$2.8 million
 Reduced in FY14 Budget to \$2 million OTI

3 New allocations in FY14 for Digitizing Education in AK totaling \$2 million:
 Alaska Learning Network \$1.1 million;
 Online with Libraries \$761.8, and Live Homework Help \$138.2

State System of Support: Began in FY11 with District Interventions & Support: \$1.6 million GF, of which, \$1.3 million was existing funding transferred into SSOS from the Executive Administration allocation.
FY12-FY13: Content Coaches and School District Trustee Funding: \$250.0

DEED Non-Formula Line Item Comparisons (All Funds) (\$ Thousands)

Comparison of department non-formula line items shows the majority of funding in the Grants line (rising from \$146 million in FY05 to over \$206 million in FY14 -- a 41% increase.) In FY14 the Grants line comprises about 69% of the overall non-formula budget. According to the Department, over 90% of the Grants line is attributable to federal receipts.



	05MgtPIn	06MgtPIn	07MgtPIn	08MgtPIn	09MgtPIn	10MgtPIn	11MgtPIn	12MgtPIn	13MgtPIn	FY14 Budget
■ Grants, Benefits	146,403.7	188,721.1	194,354.5	184,797.3	188,012.2	262,521.8	225,367.2	254,873.7	214,232.3	206,412.9
■ Services	24,086.6	25,603.4	31,360.4	36,935.0	40,495.2	42,079.9	44,135.6	47,483.2	46,421.8	50,643.2
□ Personal Services	20,800.6	23,784.4	25,672.3	26,058.5	27,607.9	29,004.9	31,071.1	33,790.5	36,373.8	37,443.9
□ Commodities	1,223.7	1,237.8	1,215.1	1,223.1	1,281.0	1,274.0	1,539.3	2,864.3	1,767.9	1,797.5
■ Travel	1,160.1	1,153.1	1,148.1	1,162.4	1,251.9	1,266.9	1,774.0	1,958.6	1,947.0	1,917.5
□ Capital Outlay	135.4	135.4	130.4	133.4	105.0	90.3	100.3	915.7	111.8	69.1
■ Miscellaneous	-	-	-	-	-	-	-	-	-	-

Impact of Sequestration

- Implementation plans may vary between agencies
 - E.g. Forest Service very different from ED
- Actual allocations may vary by more or less than 5% sequestration cut
 - Cuts are to the federal program, how those cuts impact state allocations may differ
 - Budget allocations at State and district level vary due to:
 - New Census/population data

Federal Funding Picture

Programs within: ESEA, CTE, IDEA

- FY14 selected program awards = 107,900.1
- Reduction between FY14 & FY13 = 2,639.9
- Reduction between FY14 & FY11 = 5,445.2
- Programs with greatest reductions FY11-14:
 - 21st Century Comm. Learning Ctr.
 - Title I-C Migrant Education
 - Title II-A Improving Teacher Quality
 - Title VI-B LEA Grants (IDEA)

School Accountability – ESEA Waiver

- ESEA Flexibility Waiver permitted a State-based system of differentiated recognition, accountability, and support
- Required
 - Setting ambitious but achievable annual measurable objectives (AMOs)
 - Consider student achievement in at least language arts and math, and in graduation rate
 - Take into account student growth
 - Identify and require interventions in 1-star Title I and 2-star Title I schools
 - Publicly recognize Reward Schools

School Accountability – ESEA Waiver

- Flexibility permitted waiver from:
 - Making Adequate Yearly Progress determinations for schools and districts
 - Corrective action as determined by the federal government.

School Accountability – ESEA Waiver

Alaska School Performance Index

	K – 8	9 – 12
Academic Achievement	35%	20%
School Progress	40%	40%
Attendance Rate	25%	10%
Graduation Rate	N/A	20%
ACT/SAT/WorkKeys	N/A	8%
Participation WorkKeys	N/A	2%

School Accountability – ESEA Waiver

Star Ratings

Number of Stars

ASPI Points

5 Stars

94 – 100

4 Stars

85 – 93.99

3 Stars

65 – 84.99

2 Stars

55 – 64.99

1 Star

0 – 54.99

School Accountability – ESEA Waiver

Star Ratings

Stars	Count	Percent
Five Stars	52	10.34%
Four Stars	190	37.77%
Three Stars	162	32.21%
Two Stars	49	9.74%
One Star	50	9.94%
TOTAL	503	

School Accountability – ESEA Waiver

Supports for Districts and Schools

For all Districts/Schools

- Distance delivery or on-site training from EED staff Teaching & Learning Support (TLS) Institute twice annually
- Coaching/mentorship for new teachers and principals through the Alaska Statewide Mentor Project (ASMP) and the Alaska Administrator Coaching Project (AACP)
- Support for established principals: Alaska Innovative School Leaders Academy (AISLA)

For Districts/Schools needing additional support

- EED Liaison support for developing school improvement plans with STEPP
- A State System of Support (SSOS) Coach to work on-site toward implementation of school improvement plan
- Financial support to participate in event such as the TLS Institute

ESEA Reauthorization Bills

Funding Limitations

- Sen. Harkin bill, passed out of committee but not the floor, authorizes “such sums” from 2014 through 2018, adds greater teacher salary comparability between Title I and non-Title I schools.
- Rep. Kline bill, which passed on the floor, limits total funding to approximately FY2012 (pre-sequestration) levels. Removes Maintenance of effort, merges programs and provides more flexibility at local level for spending.

Future needs

- Policy directions to improve student achievement
- Policy direction to support school effectiveness
- Student Learning and Assessment

The Cost of Developmental Education at the University of Alaska

Dana L. Thomas Ph.D., Vice President for Academic Affairs

August 21, 2013

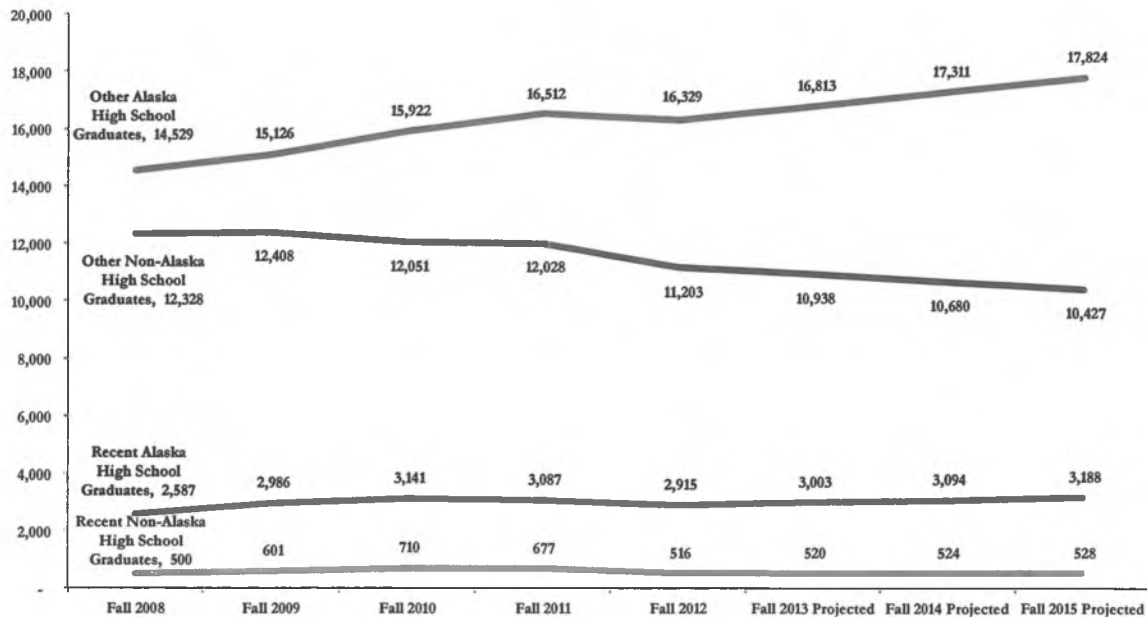
What is Developmental Education?

Developmental courses are those offered for credit but do not satisfy degree requirements because the content is below the collegiate level. While developmental courses are generally offered for credit and contribute toward meeting financial aid eligibility requirements for full- or part-time status, credits earned are not applied toward the student's degree.

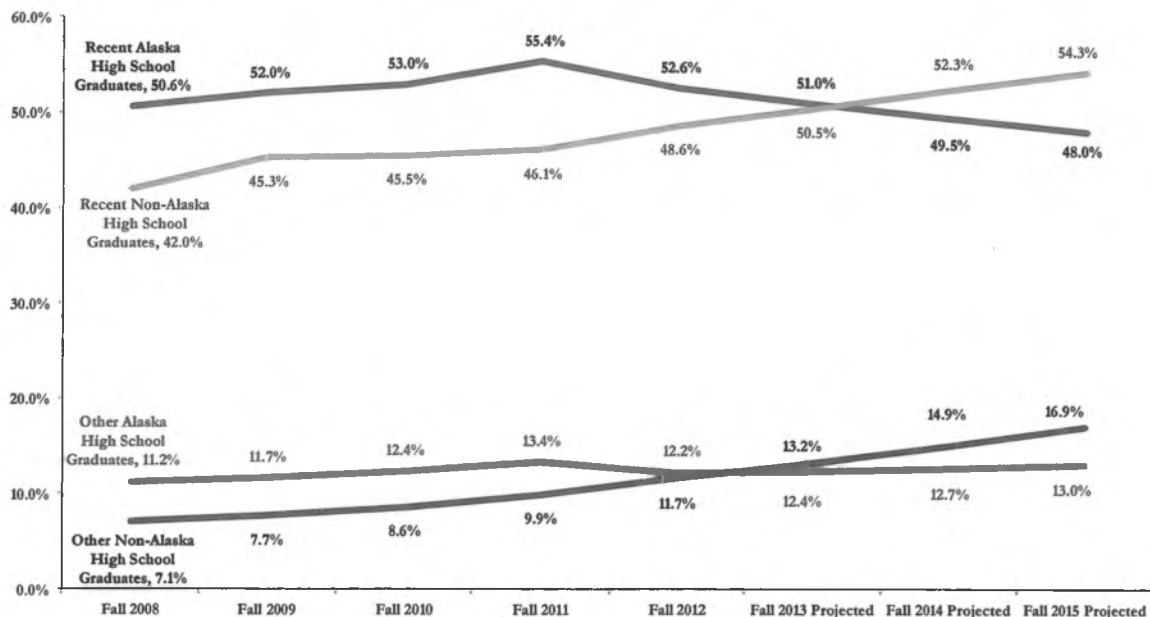
Who are the students in developmental education courses?

During any given semester about 5,000 students (15% of UA headcount) take a developmental course. A majority of UA students taking developmental coursework are not recent high school graduates (nearly 30%); the majority are post-traditional students commonly working adults often with families (about 70%). However, proportionally more recent high school graduates require remediation than other students seeking undergraduate degrees. Figure 1 below and Figure 2 on the following page show the total number of students in each group and the proportion of each who take developmental coursework, respectively.

Figure 1. Undergraduate Headcount by Student Category
Fall 2008 - Fall 2012 and Projected Fall 2013 - Fall 2015



**Figure 2. Developmental Participation by Student Category
Fall 2008 - Fall 2012 and Projected Fall 2013 - Fall 2015**



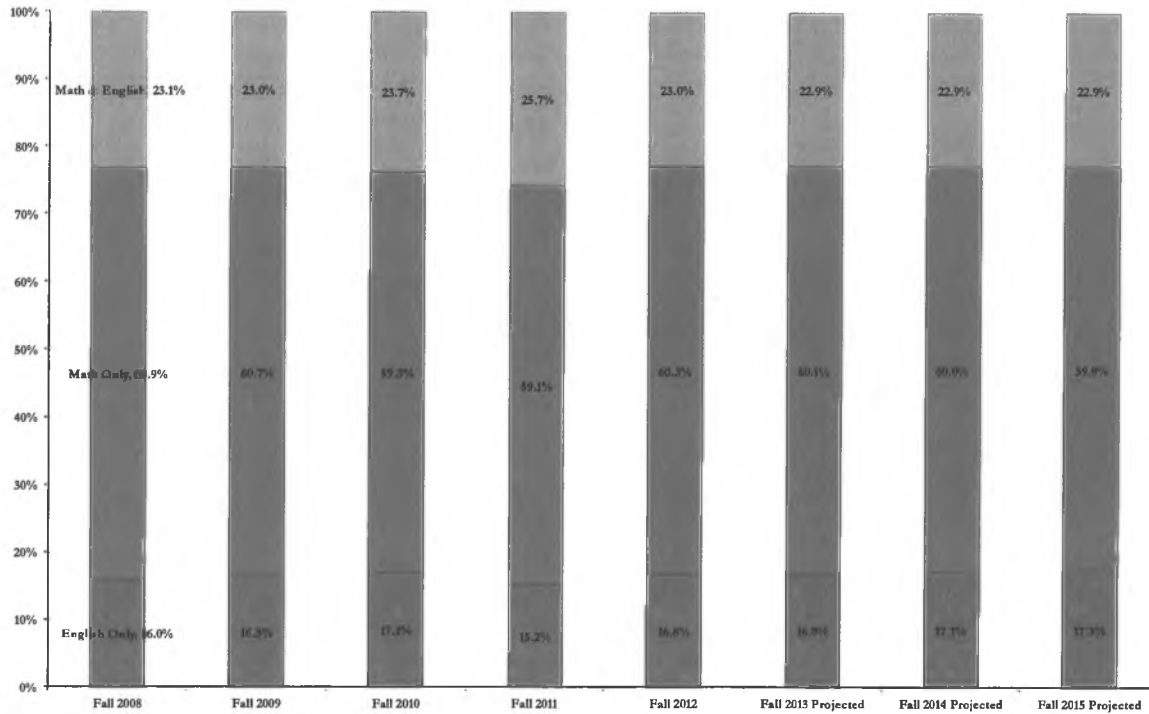
What kind of developmental education is needed?

There are 3 levels of developmental coursework offered: nearly college ready, some remediation needed, and significant remediation needed. A majority of students need just one or two courses in math and/or English to raise them to collegiate level. About 90% of baccalaureate seeking students needing developmental coursework of any kind, need developmental math. As shown in Table 1 below, 46% of fall 2012 recent high school graduates seeking a 4-year baccalaureate degree required preparatory coursework.

Table 1. Degree-Seeking Undergraduates Requiring Remediation by Level, Fall 2012

	2-Year or Lower		4-Year	
	Recent High School Graduates	Others	Recent High School Graduates	Others
Any Remediation	511 (58%)	1,374 (21%)	791 (46%)	1,356 (11%)
Nearly College-Ready (Level 3)	210 (24%)	468 (7%)	532 (31%)	825 (7%)
Some Remediation (Level 2)	225 (26%)	583 (9%)	193 (11%)	384 (3%)
Significant Remediation (Level 1)	76 (9%)	323 (5%)	66 (4%)	147 (1%)

Figure 3. Developmental Participation by Subject
 Fall 2008 - Fall 2012, Projected Fall 2013 - Fall 2015



Assumptions

- Figures 1 and 2 include non-degree seeking undergraduates.
- The annual number of Alaska High School Graduates is projected to be at a low in 2013 at 7,160 graduates, with virtually no change through 2015, then slowly increasing to a new high of 8,600 by 2028¹.
- Implementation of the Alaska Performance Scholarship is expected to increase high school graduation rates, lower the percentage of students needing developmental education, and increase the proportion of Alaska High School graduates attending UA. These combined effects are projected to increase the number of recent Alaska High School graduates attending UA by about 3% per year, while at the same time reducing the proportion of these students who need remediation by less than 3% per year. The number and proportion of other groups who attend UA and need remediation are expected to continue similar trends into the future as have been observed in the recent past, i.e., continuing average annualized change for these groups.
- To date 22.6% of Alaska Performance Scholarship (APS) eligible students require developmental education compared to 65.2% of non-APS students. APS is still early in its implementation so its full effect is not known but early results, like this, are very positive.
- New Alaska English/Language Arts and Mathematics Standards were adopted in June 2012 and are expected to positively impact student preparedness but these are not yet implemented.

¹ See <http://www.wiche.edu/info/knocking-8th/profiles/ak.pdf>

- The relative distribution of developmental participation by subject shown in Figure 3 assumes the annualized average change occurring between fall 2008 and fall 2012 will continue through fall 2015.

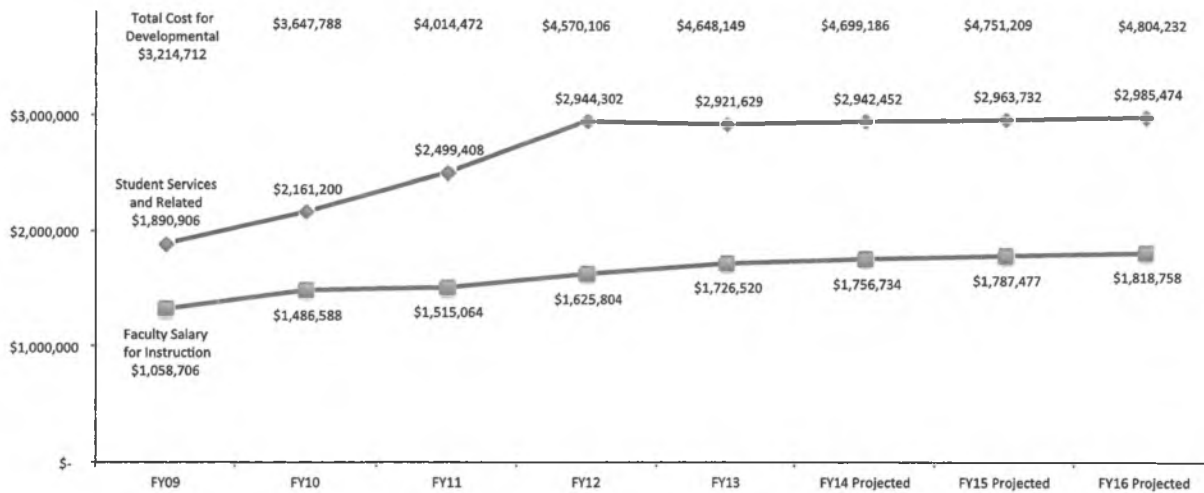
What is the Cost of UA Developmental Education for Alaska’s Underprepared High School Graduates?

The cost of providing developmental instruction and support to students who need remediation is paid for by a combination of tuition revenue and State general fund support. Historically, about half the annual increase in instructional faculty and support staff salaries is covered by State general fund with the remainder covered by university sources such as tuition.

Students pay UA tuition for developmental courses, however in high school there is no direct cost to students.

University Expenditures

Figure 4. Developmental Education Costs
FY09 – FY13 and Projected FY14 – FY16

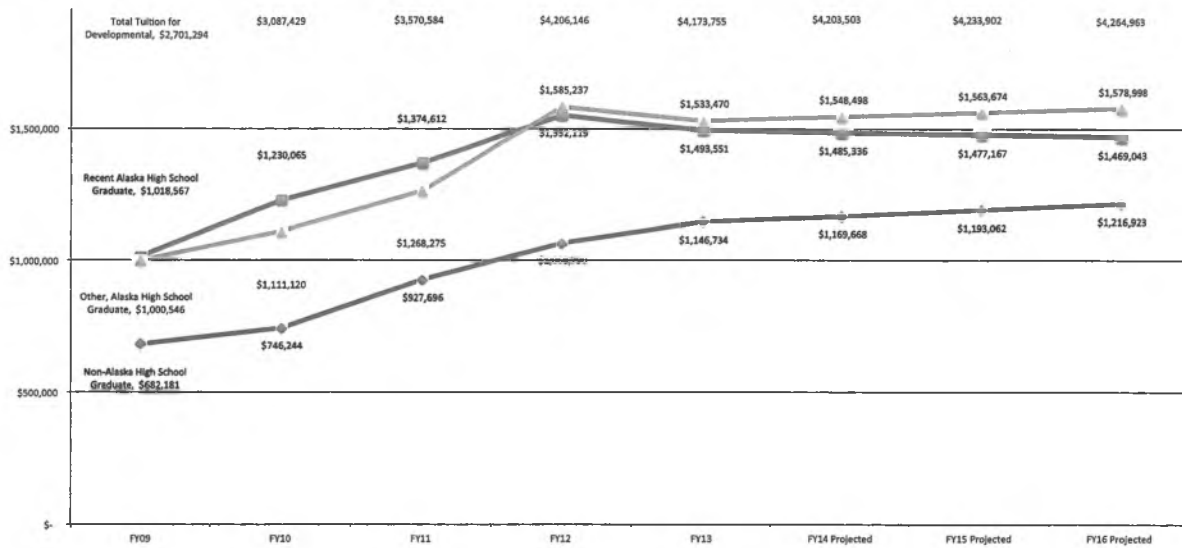


Faculty salary figures include the cost of providing employee benefits. Student services and related costs include academic support, admissions, registration, library services, and other student services. These costs cover academic advising and tutoring activity, which is more intensive for developmental education students. There are other costs associated with developmental students that are more difficult to directly quantify, including space allocation and maintenance.

Student expenditures - tuition

Figure 5 on the next page illustrates tuition paid by three groups of students; recent Alaska high school graduates, non-recent Alaska high school graduates, and high school graduates from other states.

Figure 5. Tuition Paid for Developmental Courses by Student Type
FY09 – FY13 and Projected FY14 – FY16



UA net revenue from developmental education

The difference between the total cost of delivering developmental education displayed in Figure 4 and the total tuition paid by students taking developmental courses displayed in Figure 5 is covered by State general funds.

Assumptions for Cost Calculations

- Faculty pay for those teaching developmental courses increases an average of 1.75% per year from FY14 forward; this figure is a mix of adjunct and regular faculty salary increases. More than 40 percent of the faculty who teach developmental courses are part-time adjunct faculty. Collective bargaining agreements with faculty unions are in negotiation and any future salary increases have not been agreed upon.
- Tuition rates increase an average of 2% per year from FY14 – FY16 for developmental coursework. These rates are set by the Board of Regents and have not yet been set for FY15 or FY16.

Opportunity costs

- Many students give up on post-secondary education when they find out they are placed in developmental education.
- Graduation rates are lower (10, 18, and 24 percentage points lower for those nearly college ready, some remediation, and significant remediation, respectively)
- Time to graduation is lengthened by one or more years for those needing remediation
- In FY12, 83.4 percent (20,321) of FY02-FY11 UA graduates were employed in Alaska and had an FY12 average salary of about \$47,100. Students placed in developmental education are typically delayed in completing their programs and getting employed by one or more years and so they do not earn this income during that period.

What can UA do to help better prepare Alaska high school graduates for postsecondary education?

- Raise math preparation level of K-12 teacher graduates
- Improve curricular alignment with K-12 to facilitate easier transitions to UA (pace is a problem)
- Encourage high school students to complete an Alaska Performance Scholarship curriculum
- Improve student success rates in developmental and collegiate mathematics courses through curricular reform and support mechanisms (see promising pedagogies below).
- Encourage K-12 & UA dual enrollment

Course placements are determined based on common, nationally normed tests used across the UA system.

UA is actively working on improvement strategies that depend on cooperation between K-12 and the university. UA's participation in development of a statewide longitudinal data system called ANSWERS, which is funded by the US federal government, is a major step in developing a collaborative environment that could benefit educational and workforce programs throughout the state. The ANSWERS data system will strengthen our ability to understand and make policy decisions that encourage college completion and workforce success in Alaska.

What can the State and Department of Education and Early Development do to better prepare Alaska high school graduates for postsecondary education?

UA is committed to working in partnership with the Alaska Department of Education and Early Development to overcome the challenge of underprepared high school graduates. We have established constructive working relationships between the State Board of Education and the UA Board of Regents and between Commissioner Hanley and UA President Gamble.

- Consider actions like those in Maryland Senate Bill 740, Arkansas House Bill 1838, Indiana House Bill 1005, and Utah Senate Bill 175.
- Have every student enrolled in an APS/college prep curriculum unless a parent opts him or her out.
- Require four years of math in high school - ensure that a full-range of APS prep courses are available in every district using the Alaska Learning Network or similar alternative as needed
- Raise the math background of teacher hires over the next five to ten years
- Implement college ready assessment for all students no later than 11th grade so deficiencies in math and English (reading and writing) can be addressed in the later years of high school
- Facilitate K-12 & UA dual enrollment (e.g., Washington State Running Start Program)
- Develop a plan, in consultation with UA, to improve college and career counseling provided to students in middle and high school – beyond improving college preparation this is important to improve the post-secondary going rate in Alaska, which is among the lowest in the nation
- Increased use of peer tutoring programs in high schools using technology where needed
- Expand teacher mentoring to all new teachers and extend it from two to three years – high teacher turnover has a strong negative impact on student learning outcomes, especially in rural Alaska
- Provide consistent incentives and improved living conditions for teachers to work in rural Alaska

What promising new developmental education pedagogies is UA investigating and experimented with that other states have examined?

- Mainstreaming developmental students who are close to the current placement requirements, i.e. level 3 students, but require additional support for these students.
- Providing intensive one-semester sessions in math and English to more quickly qualify developmental students for collegiate level coursework. Modular approaches are also being tried where a student completes one credit at a time rather than failing a 3 credit course and having to repeat the entire 3 credit course over again.
- Using existing, or develop new, alternative curricular pathways for students, particularly in mathematics, such as the Carnegie Quantway and Statway approaches. See <http://www.carnegiefoundation.org/>.
- Improving the quality of the placement processes through technology driven review sessions for students, informing students of the consequences of placement testing so they will prepare better, and using information beyond placement scores to determine initial course placement.

UA institutions are experimenting with many different approaches to developmental education, which together encompass nearly all of the successful models that have been implemented at other colleges and universities. All are being carefully and systematically evaluated.

Kenai Peninsula Borough School District

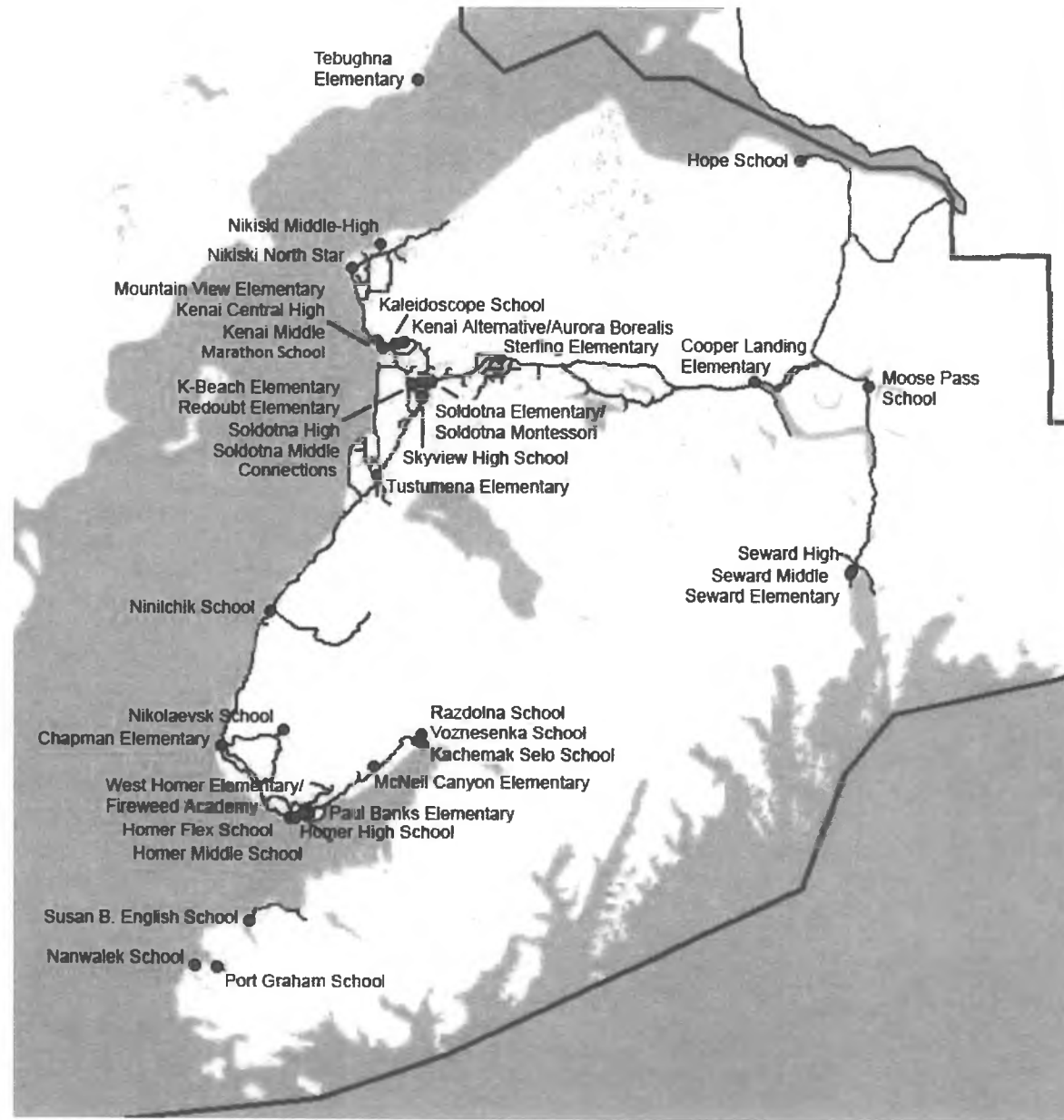
Presentation to Senate Finance DEED Subcommittee
Dr. Steve Atwater, Superintendent
Dave Jones, Assistant Superintendent

August 21, 2013



KPBSD:

One district,
forty-four
diverse
schools

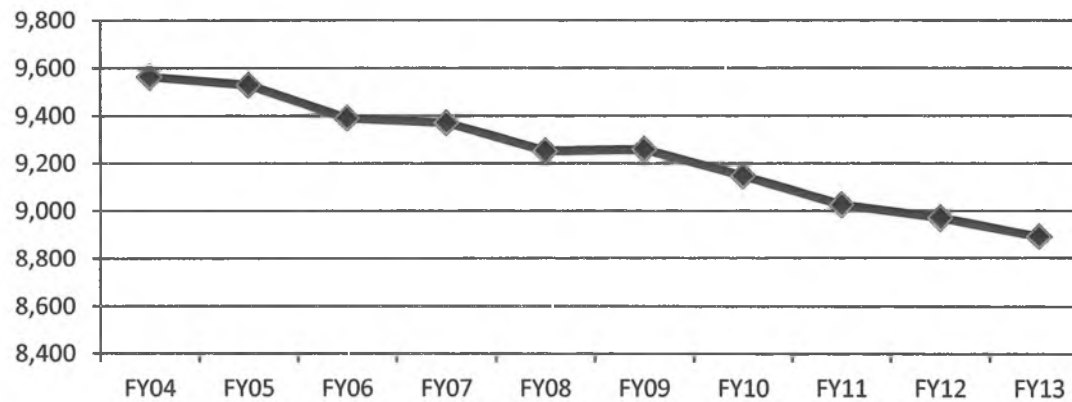


KPBSD Quick Facts

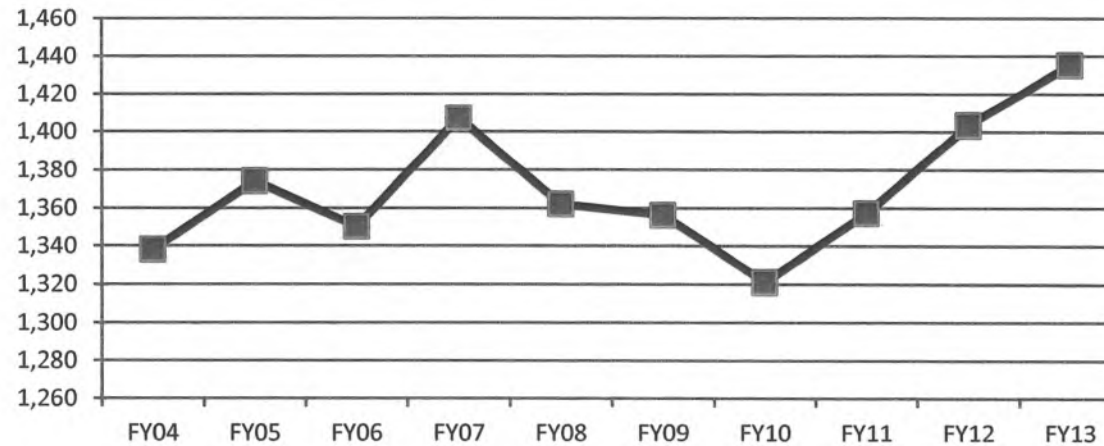
- District covers 25,600 square miles
 - Larger than West Virginia
- 44 Schools
 - Smallest brick and mortar school – 12 students (FY13)
 - Largest brick and mortar school – 522 students (FY13)
 - District Correspondence program – 836 students (FY13)
 - 5 Charter schools
 - 4 “Across the Water” schools
- School building rooftops combined equal over 50 acres

KPBSD Ten Year Enrollment Trend

Total Enrollment (OASIS rounded)



Special Education Enrollment



Offering KPBSD Students All That We Can

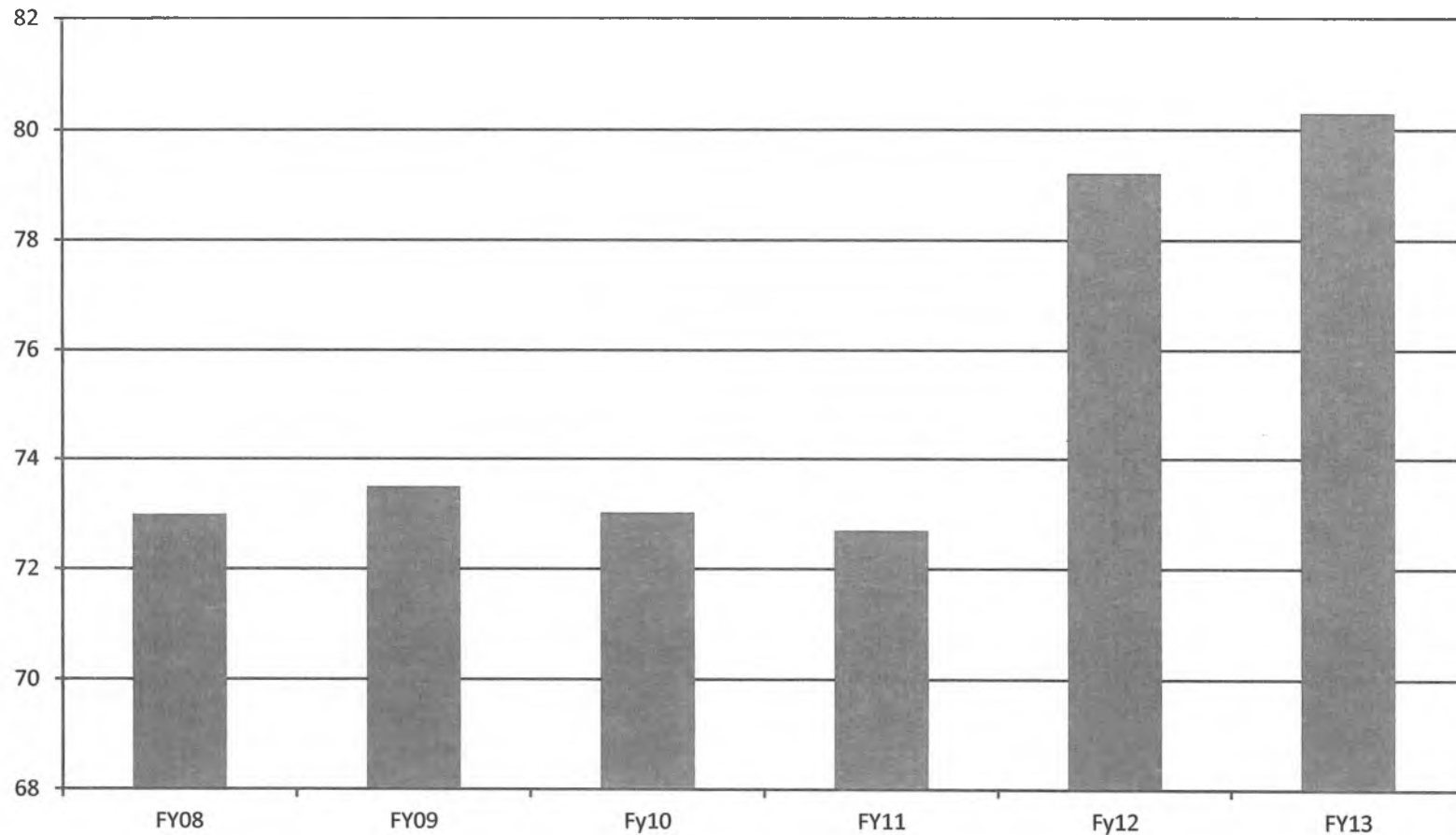
- KPBSD has prudently used its funds to strategically maintain and when possible, increase services for our students

KPBSD Improvements

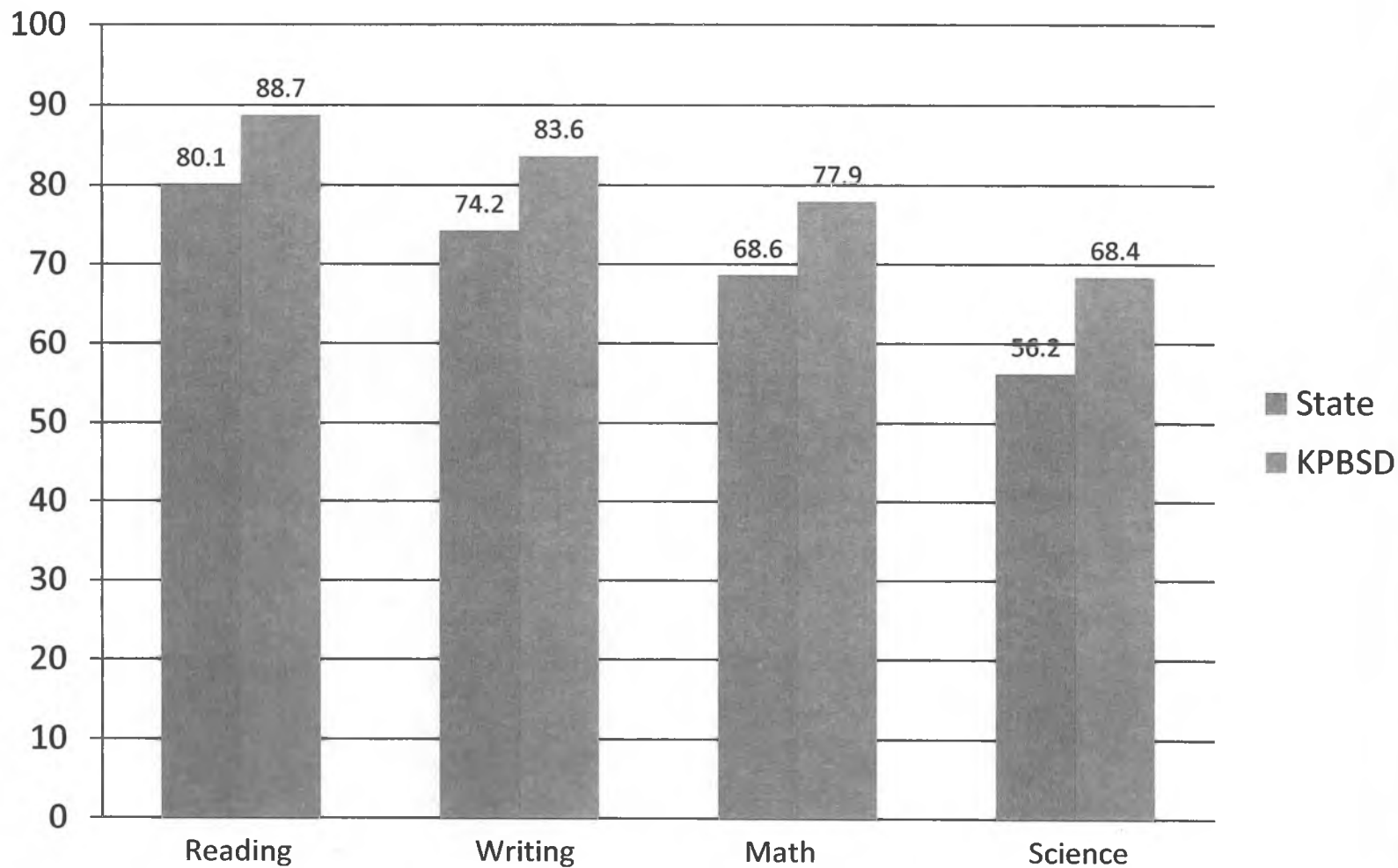
- More comprehensive school experience for students
- SBA scores are good, 9-12% above state averages
- District Graduation Rate is improving, now over 80%
- 77% of KPBSD Schools are rated 4-5 stars under new ASPI system
- Referrals for learning disabled special education students is declining due to RTI.
- Leading Alaska in teacher evaluation implementation

KPBSD Graduation Rate Improves Now Above 80%

Graduation Rate FY 08-13



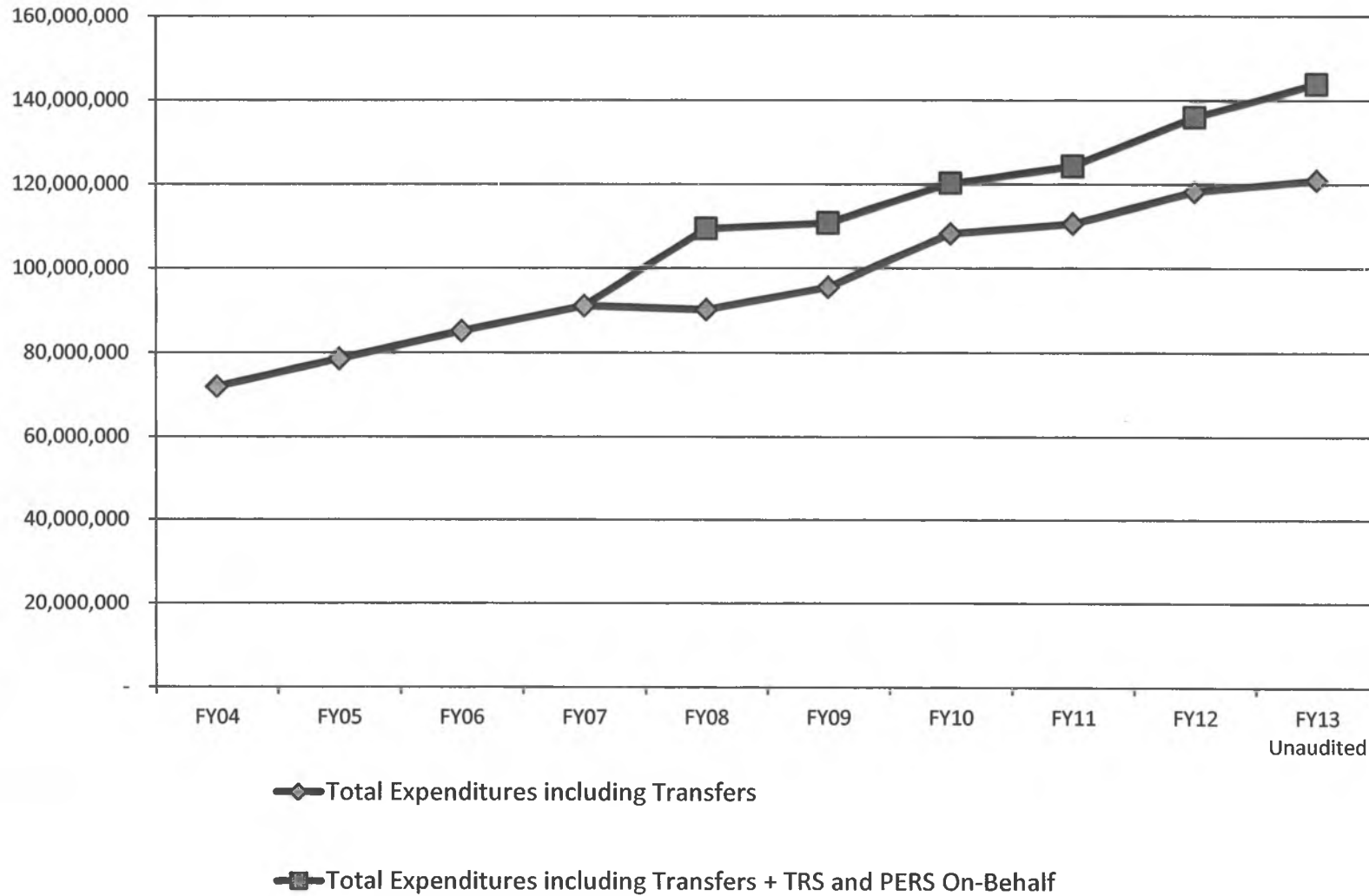
Comparing KPBSD and State Averages Percent Proficient on 2012 SBA



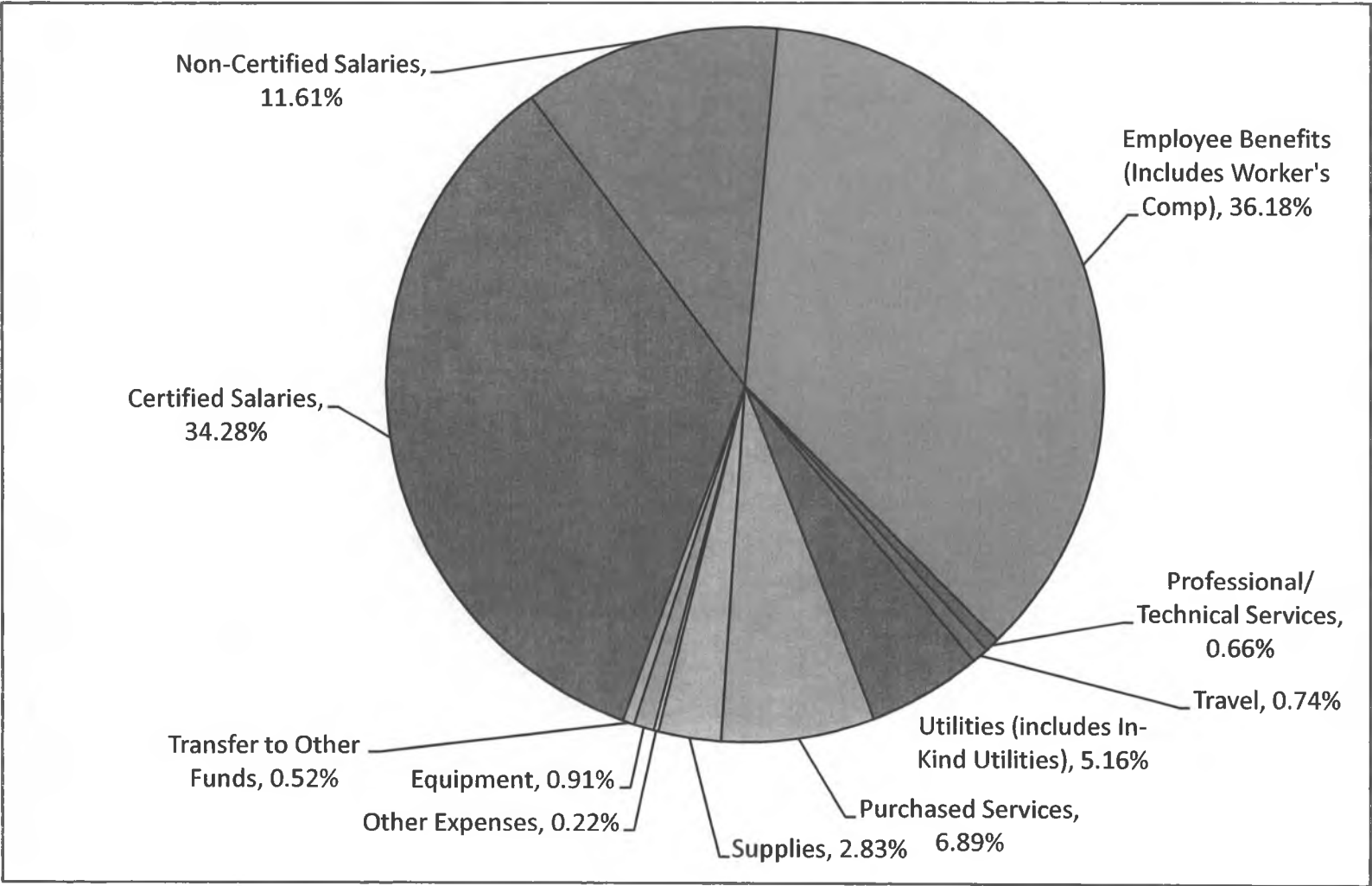
KPBSD Growing Fiscal Tension

- Prudent use of new funds in 2008-10 allowed for long-term planning
- Now using reserves to balance our budget
- Cost of health care comprising a bigger and bigger portion of KPBSD's expenditures
- Workers Compensation medical cost increases exceed savings from reduction in frequency of claims
- New requirements require funding
 - Alaska Performance Scholarship, evaluation regulations and learning data, new standards

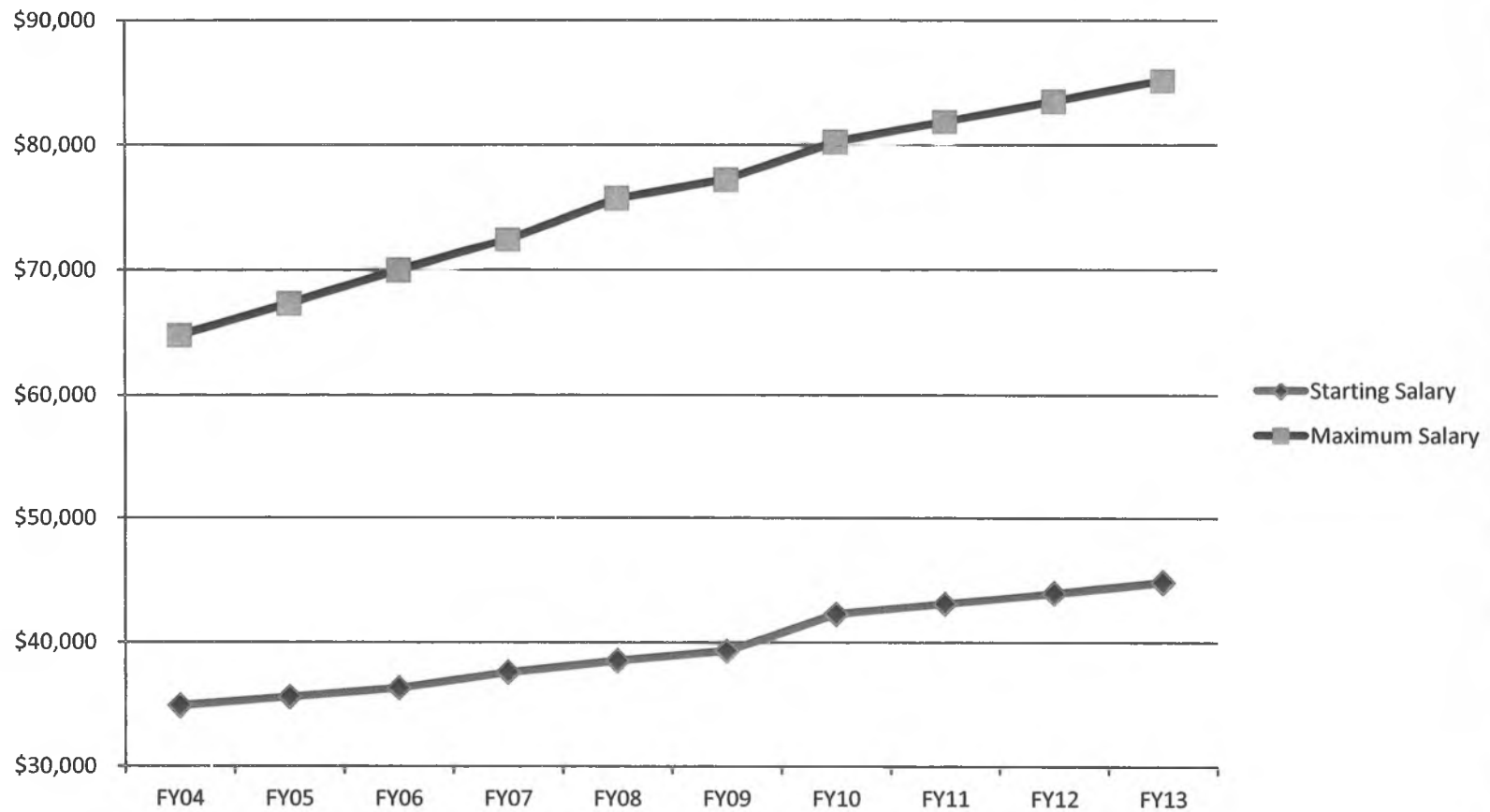
KPBSD Expenditure History



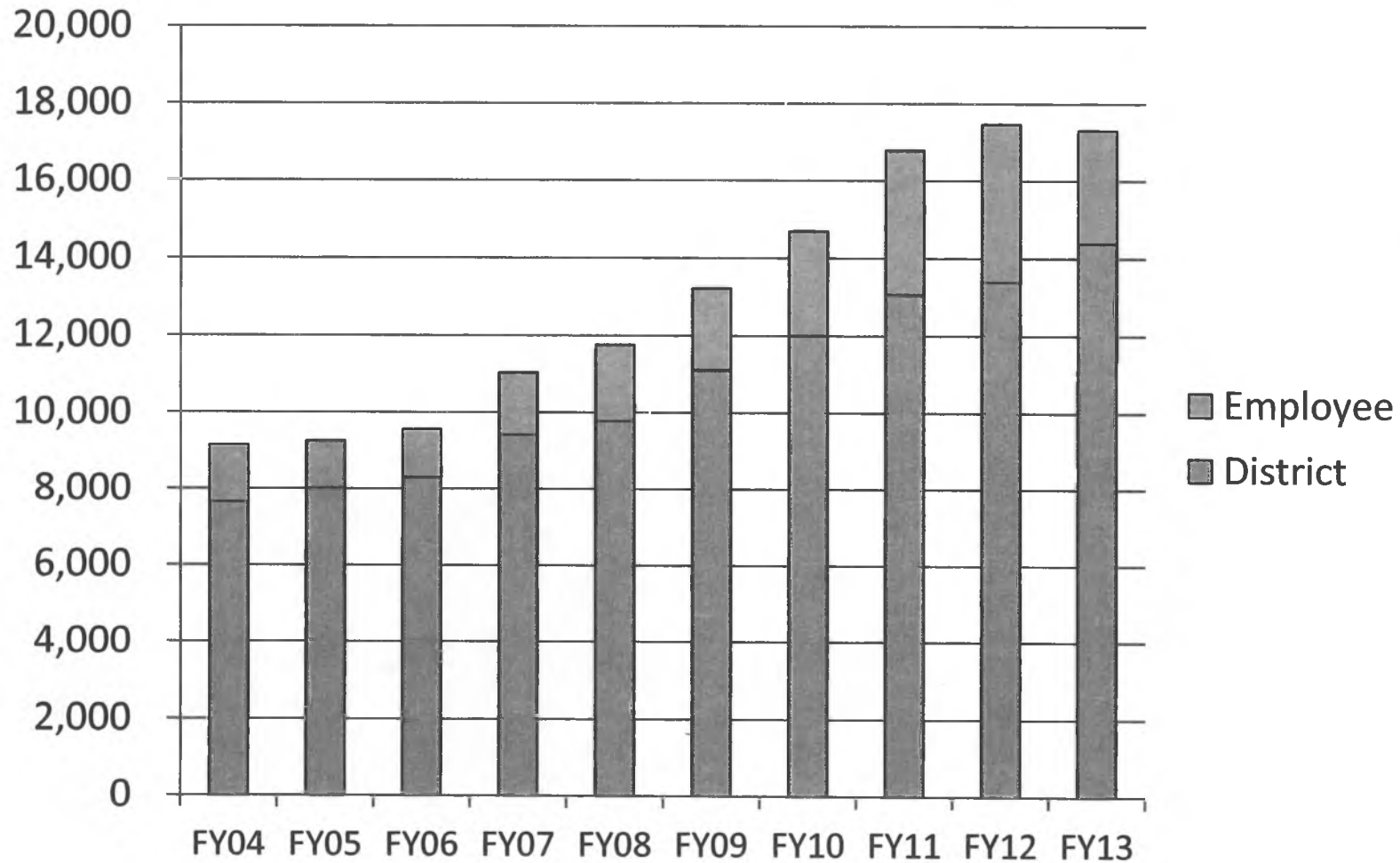
FY14 General Fund Budget



Ten Year Salary History



Employee and Employer Health Care Contribution History



* FY13 – Used part of health care reserve to lower contributions

Health Care Expenditures

FY04 Total Net Expenditures \$10,224,952

FY13 Total Net Expenditures \$21,541,380

Increase in Expenditures \$11,316,428

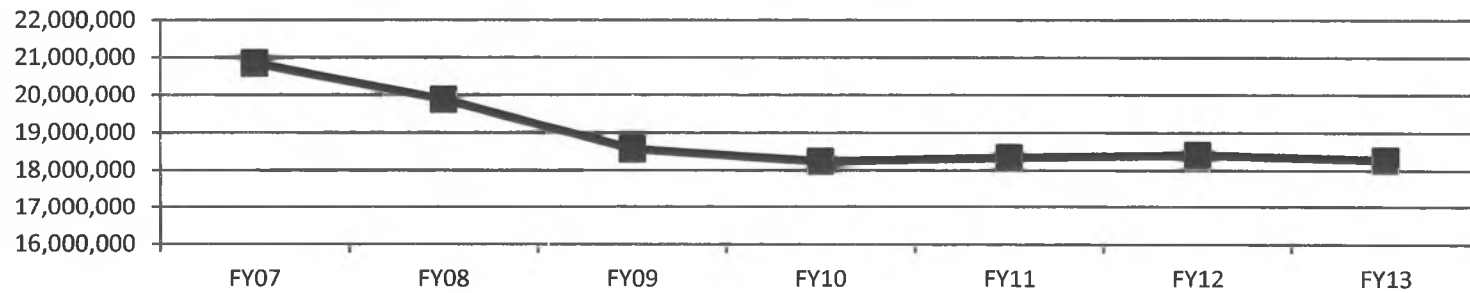
Percentage Increase: 110.67%

Workers Compensation Expenditures

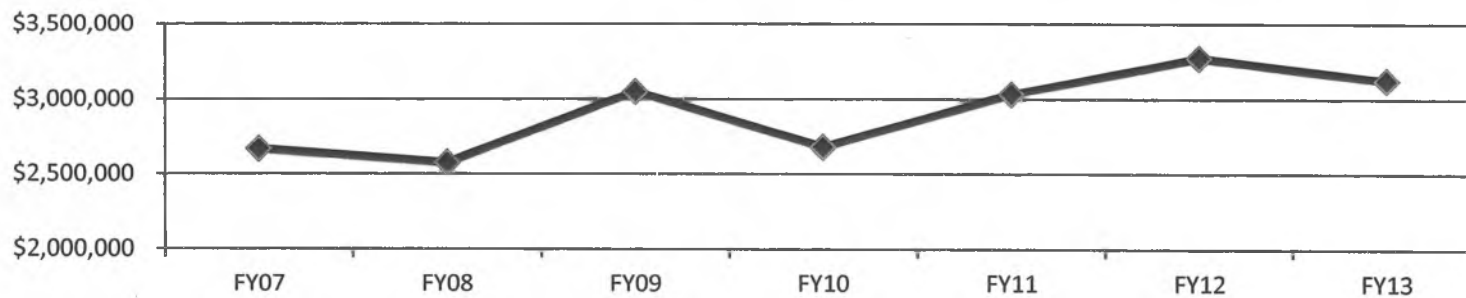
Data will be provided on August 20, 2013

Electricity Trends

Electricity Usage (KWH)



Electricity Cost



Fuel for Heating Homer High

Diesel Fuel

FY04 average \$1.25 / gallon \$ 91,218

FY13 average \$3.50 / gallon \$291,312

Increase in Expenditures \$200,094

Percentage Increase 219%

Fuel for Heating Port Graham

Propane cost

FY04 average \$1.30 / gallon

FY13 as high as \$3.80 / gallon

Shipping cost – 3 trips per year

FY04 \$4,667 per trip

FY13 \$11,233 per trip

Summary

- KPBSD making good use of its funds - results are positive
- Increasing fiscal strain due to fixed cost increases
- Percentage of budget consumed by personnel related costs continues to increase



Senate Finance DEED Subcommittee

Cost Drivers in K-12 Education

August 21, 2013

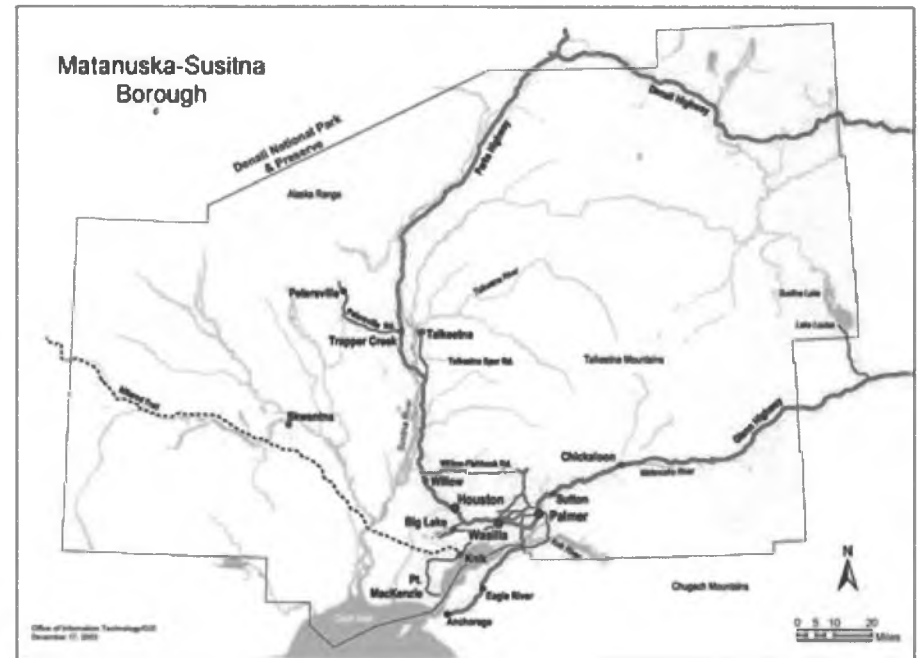


Matanuska-Susitna Borough School District

OVERVIEW

Facts & Figures

- Encompasses 24,502 sq. miles, roughly the size of West Virginia
- Population of 88,995
- 17,500 Students
 - 2nd Largest District in Alaska
- 2,000 Employees
 - Largest Employer in the Borough
- 45 Schools
 - 21 Elementary Schools
 - 5 Middle Schools
 - 8 High Schools
 - 6 Charter Schools
 - 5 Special Mission

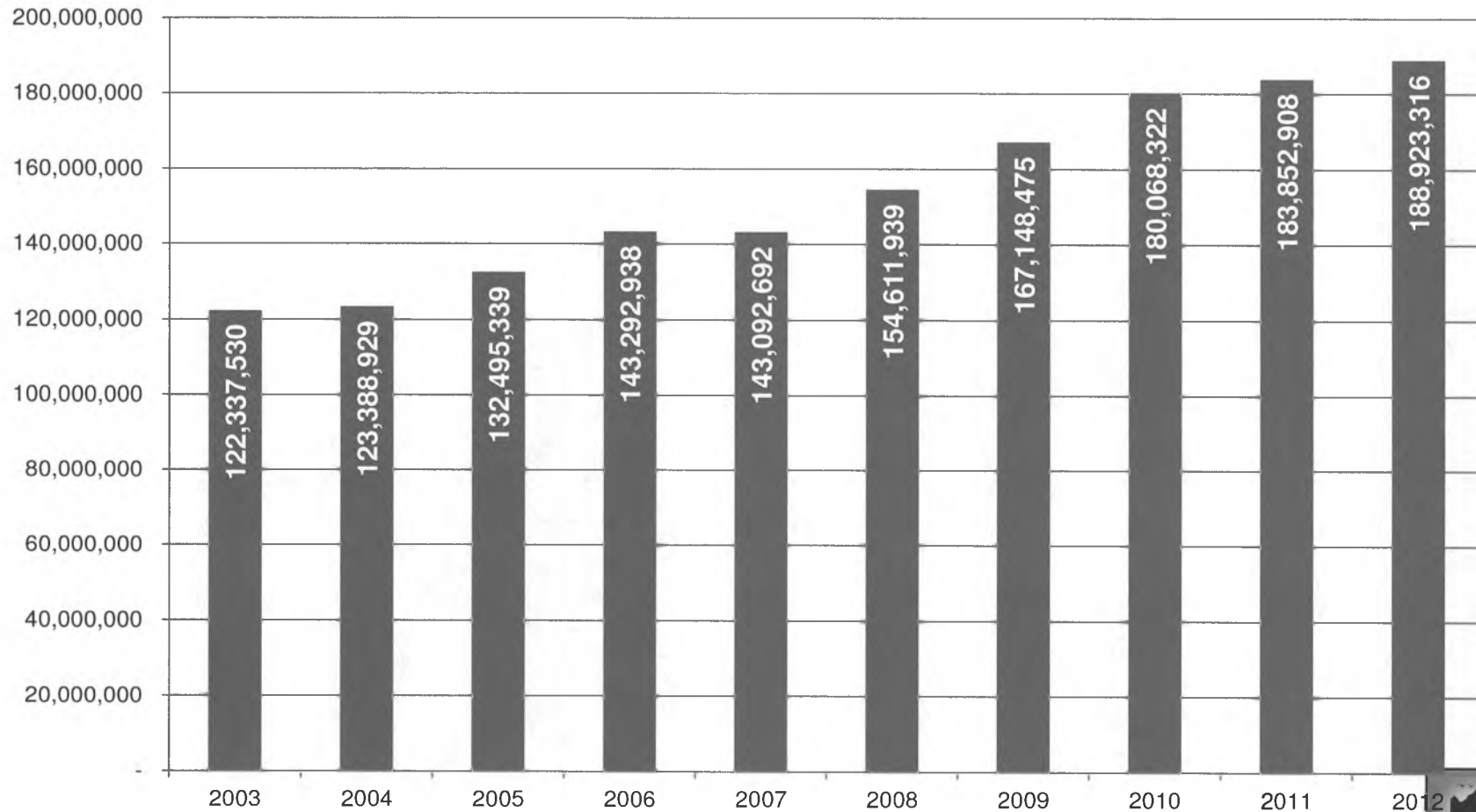




General Fund

TEN YEAR ANALYSIS

Total Salaries & Benefits



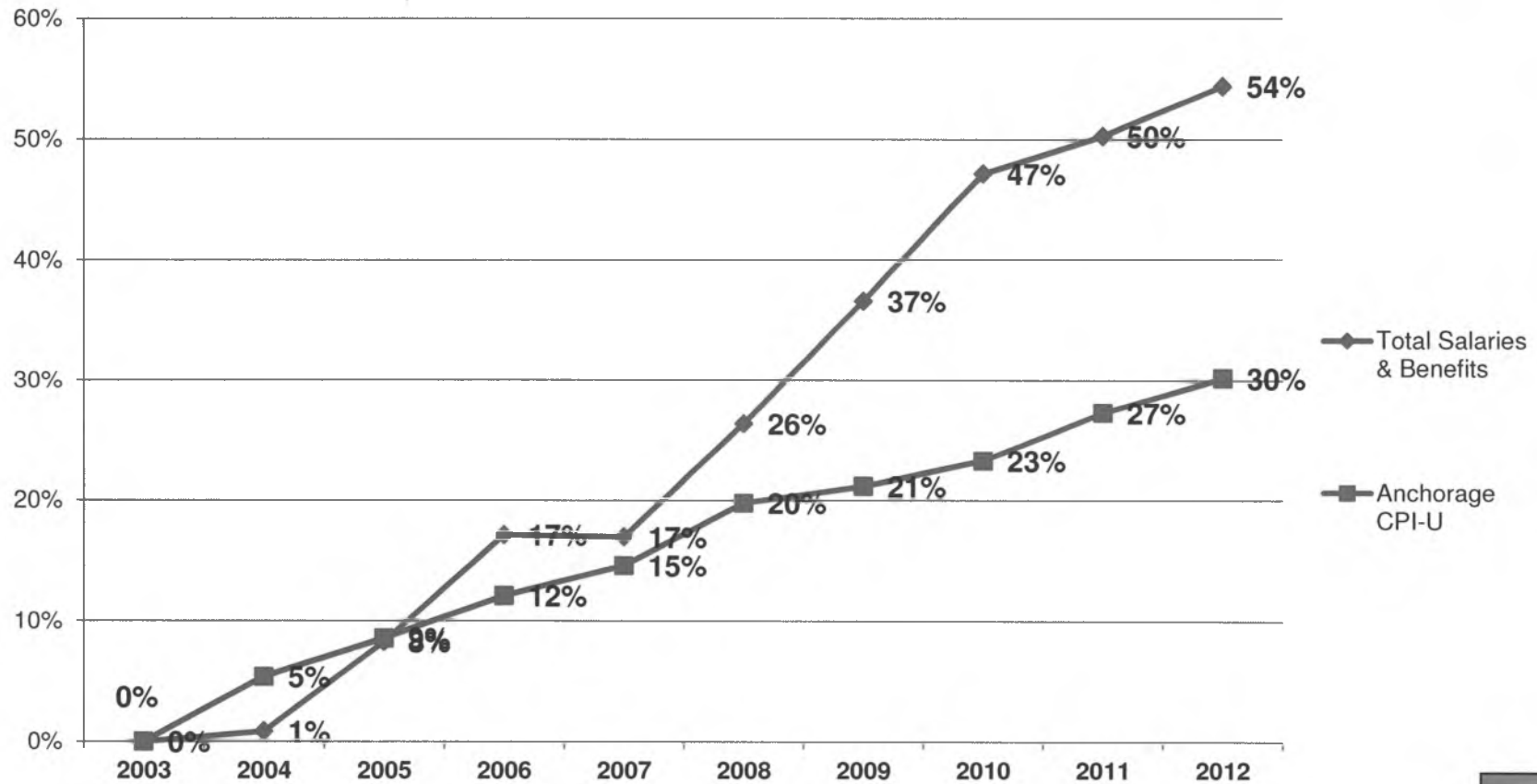
Source: Matanuska-Susitna Borough School District Comprehensive Annual Financial Reports



Matanuska-Susitna
Borough School District

Straight Line Growth Rate Total Salaries & Benefits*

(FY2002-03 Base Year)

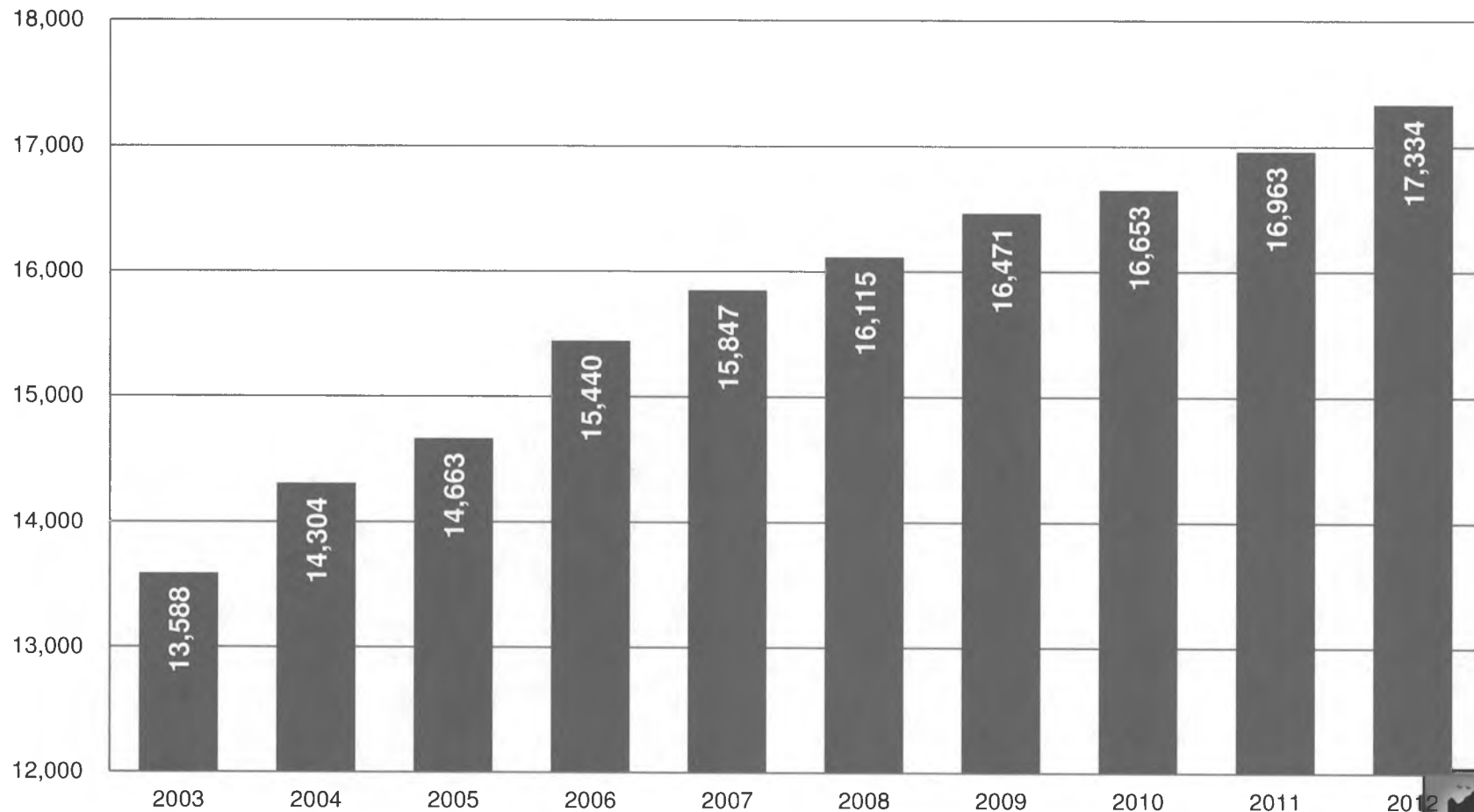


*Employee Benefits does not include the on-behalf contributions for TRS & PERS, which began in 2008

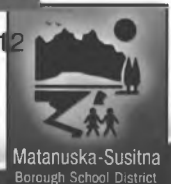
Source: Alaska Department of Labor & Workforce Development and Matanuska-Susitna Borough School District Comprehensive Annual Financial Reports



Enrollment History

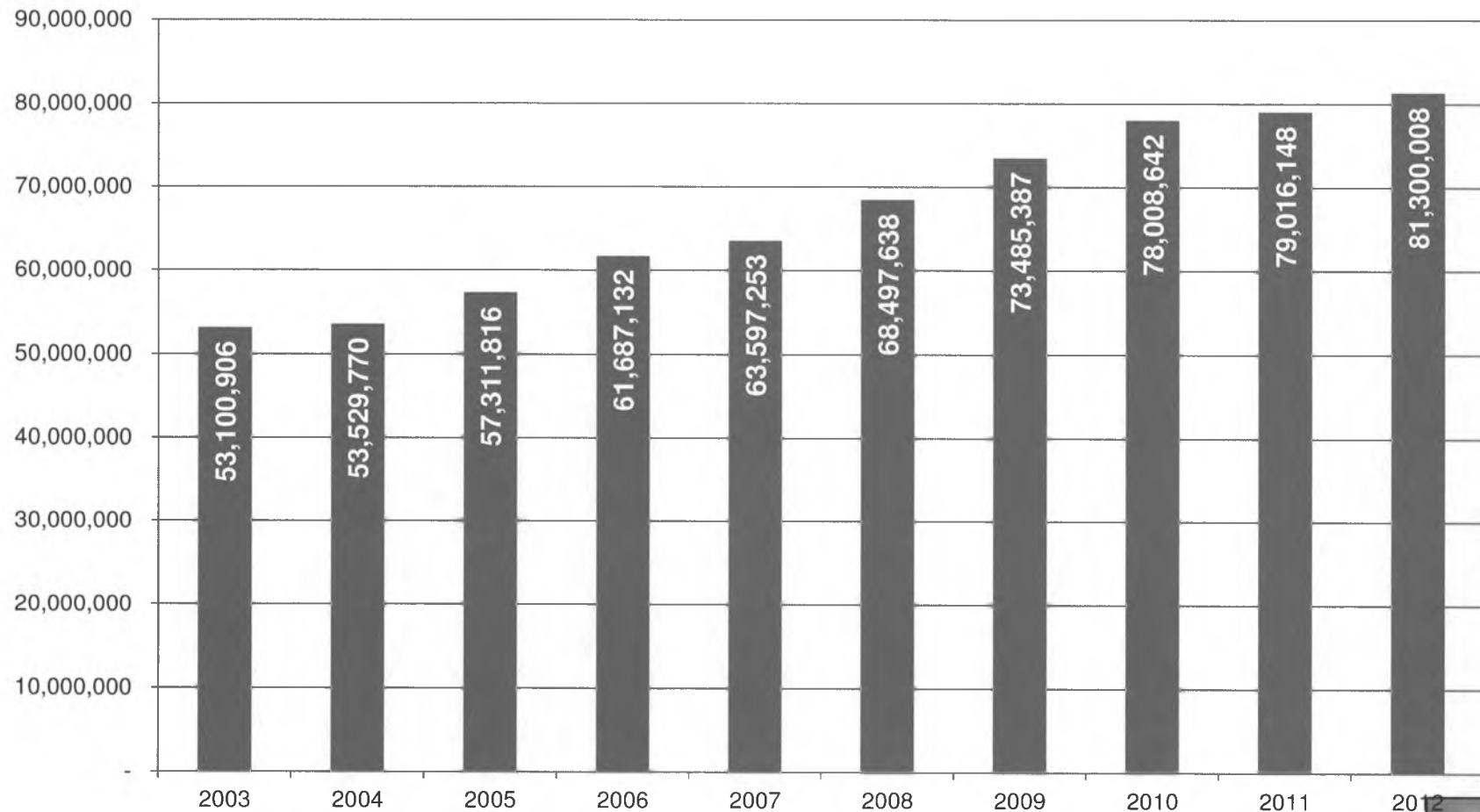


Source: Matanuska-Susitna Borough School District Comprehensive Annual Financial Reports



Matanuska-Susitna
Borough School District

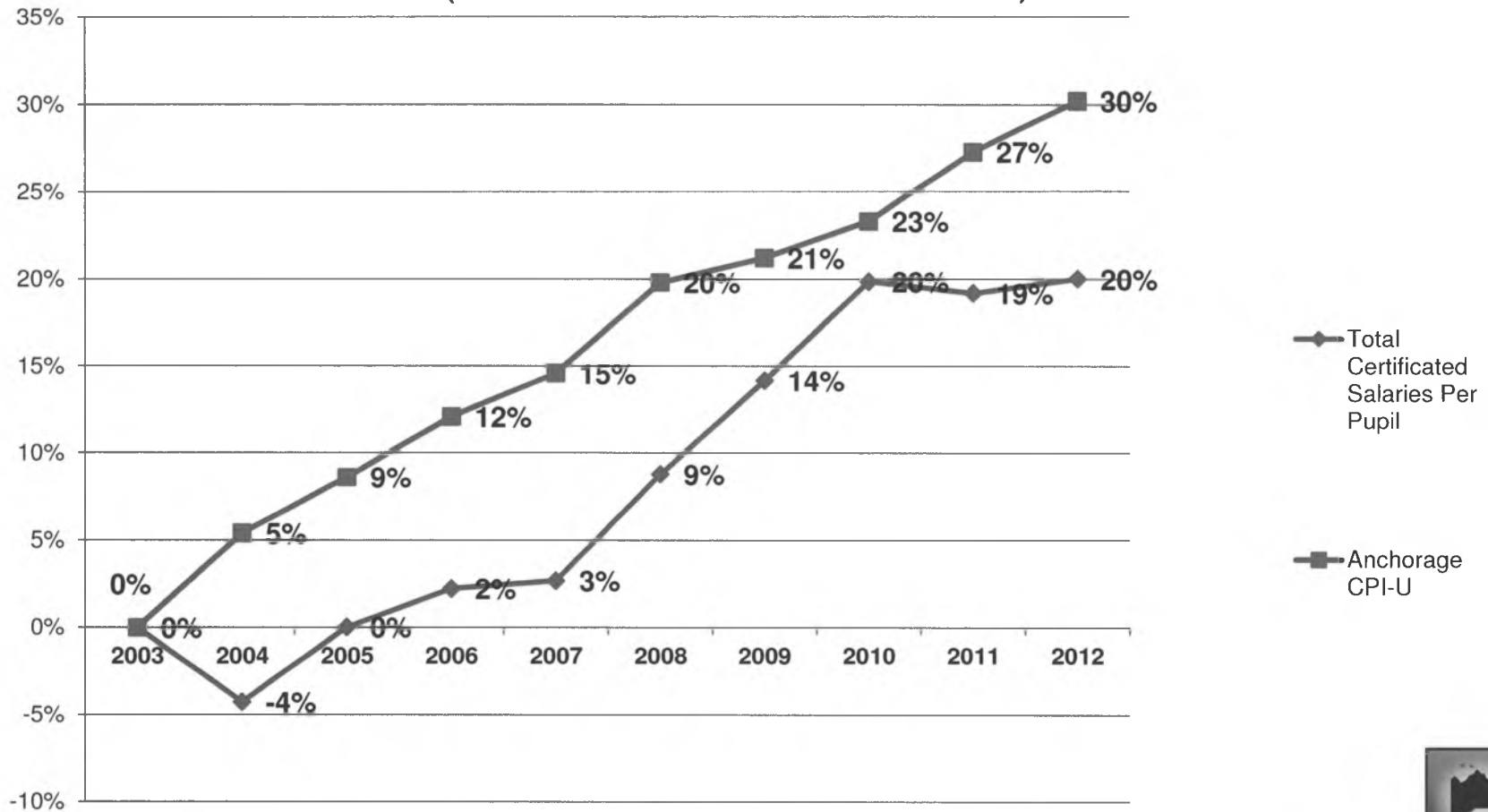
Total Certificated Salaries



Source: Matanuska-Susitna Borough School District Comprehensive Annual Financial Reports



Straight Line Growth Rate Comparison Certificated Salaries Per Pupil (FY2002-03 Base Year)



Source: Alaska Department of Labor & Workforce Development and Matanuska-Susitna Borough School District Comprehensive Annual Financial Reports



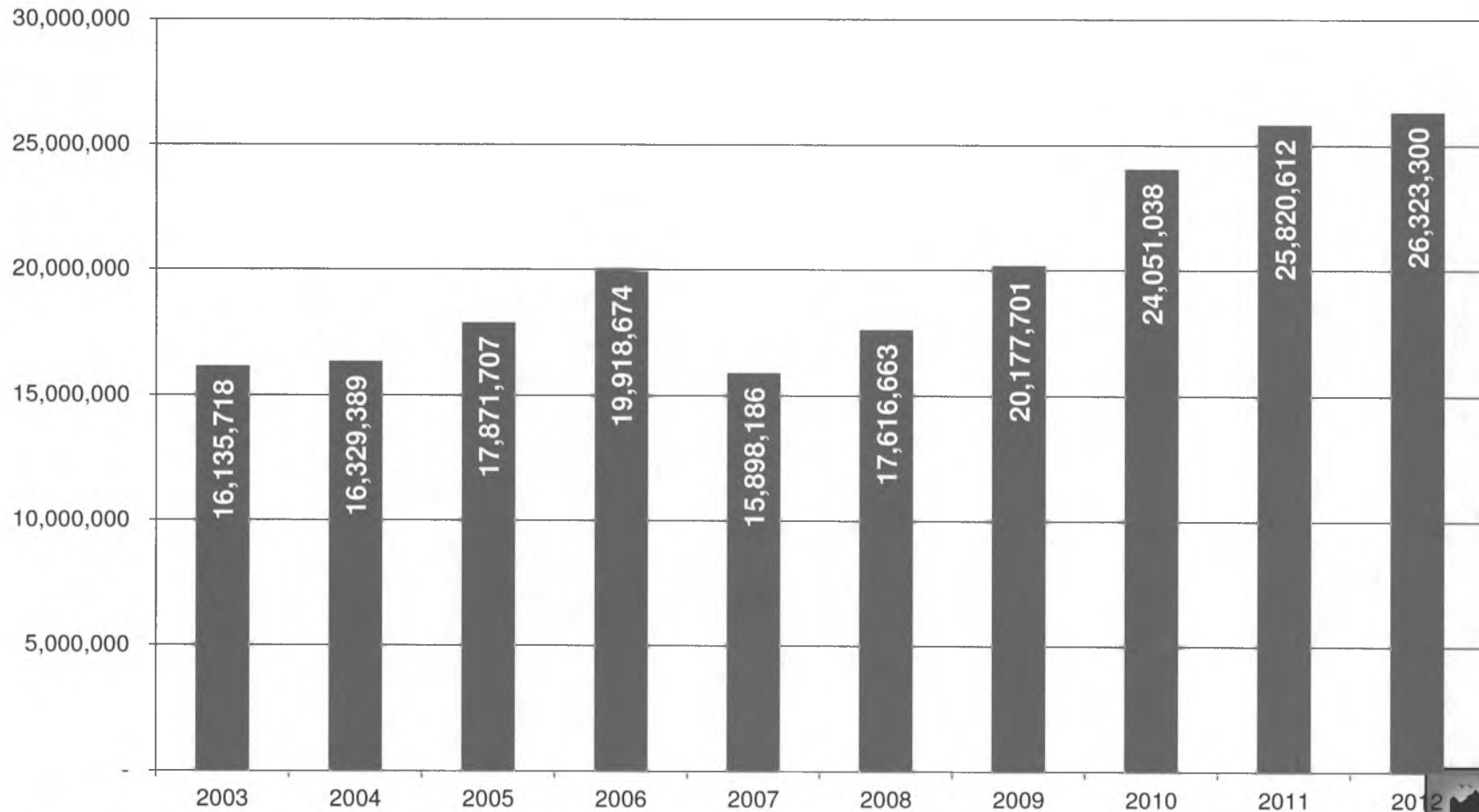
Average Class Size

Fiscal Year	Average Class Size		
	Elementary Schools	Middle Schools	High Schools
2003	24.0	23.0	25.0
2004	26.0	24.0	27.0
2005	23.5	23.0	24.0
2006	23.5	23.0	24.0
2007	23.5	23.0	24.0
2008	23.5	21.6	24.1
2009	23.5	21.6	23.4
2010	21.9	24.1	23.2
2011	22.4	26.5	28.1
2012	24.3	26.5	28.1

Source: Matanuska-Susitna Borough School District Comprehensive Annual Financial Reports



Total Non-Certificated Salaries

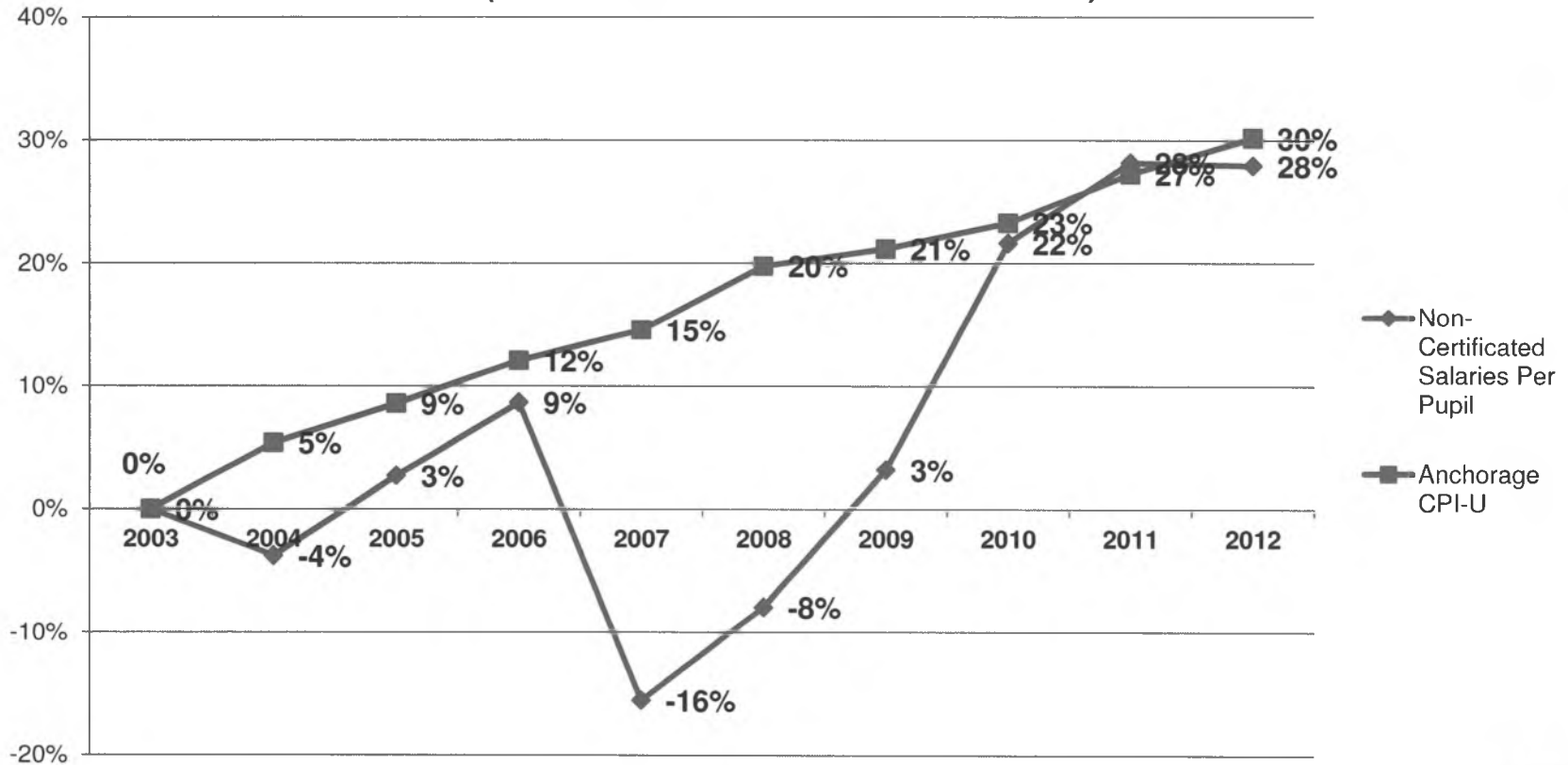


Source: Matanuska-Susitna Borough School District Comprehensive Annual Financial Reports



Matanuska-Susitna
Borough School District

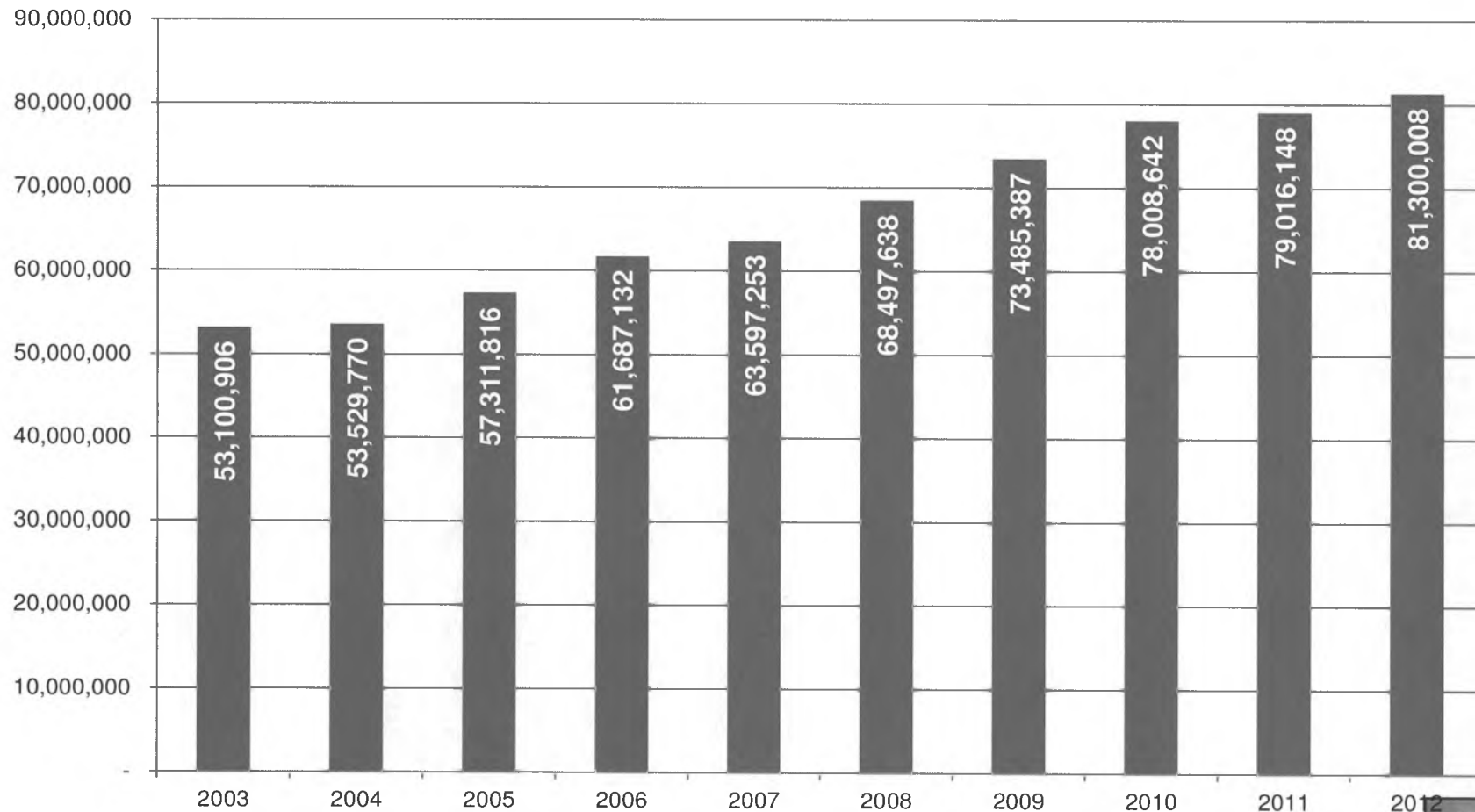
Straight Line Growth Rate Comparison Non-Certificated Salaries Per Pupil (FY2002-03 Base Year)



Source: Alaska Department of Labor & Workforce Development and Matanuska-Susitna Borough School District Comprehensive Annual Financial Reports



Total Employee Benefits*



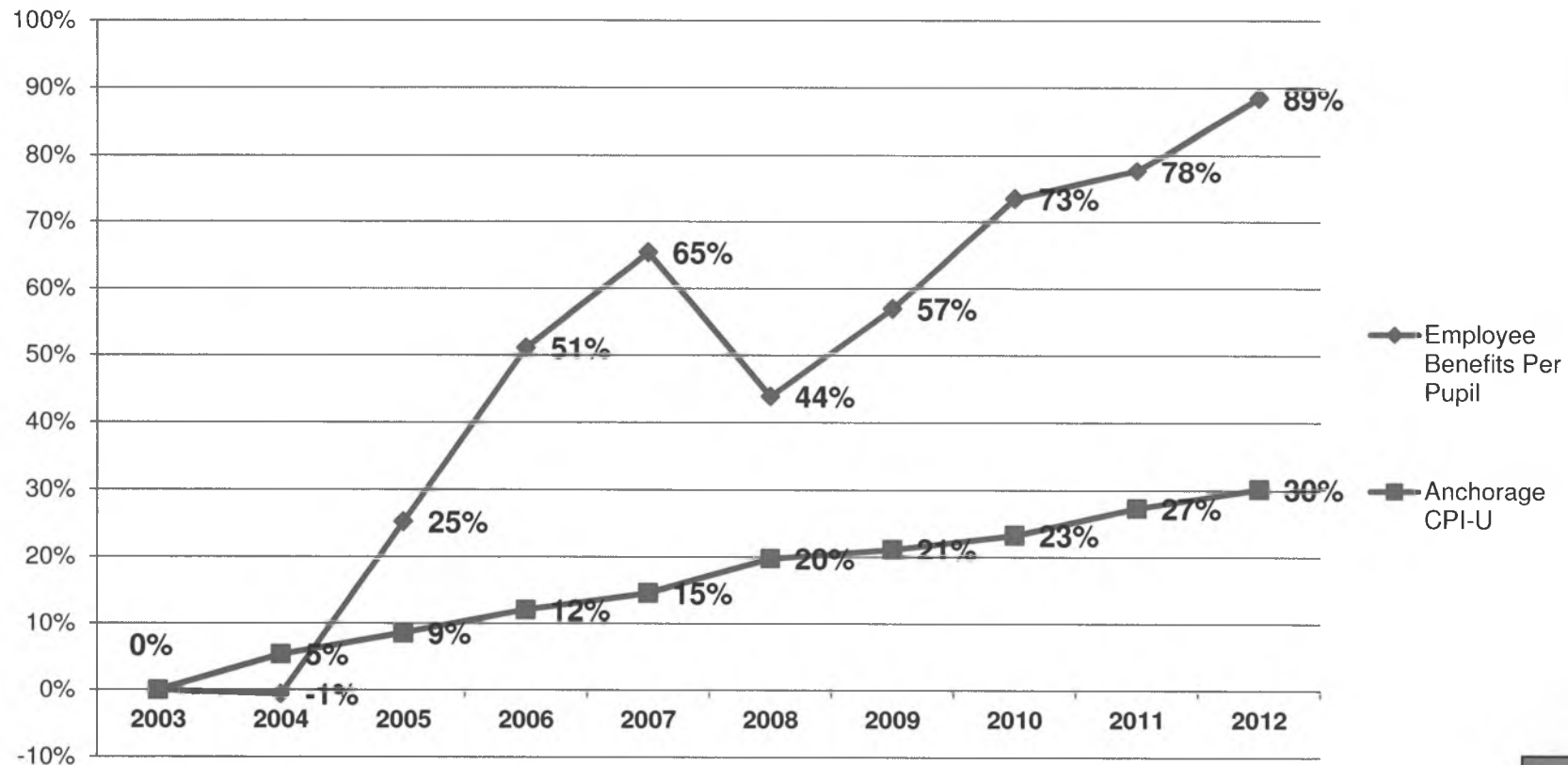
*Employee Benefits does not include the on-behalf contributions for TRS & PERS, which began in 2008

Source: Alaska Department of Labor & Workforce Development and Matanuska-Susitna Borough School District Comprehensive Annual Financial Reports



Matanuska-Susitna
Borough School District

Straight Line Growth Rate Comparison Employee Benefits Per Pupil* (FY2002-03 Base Year)



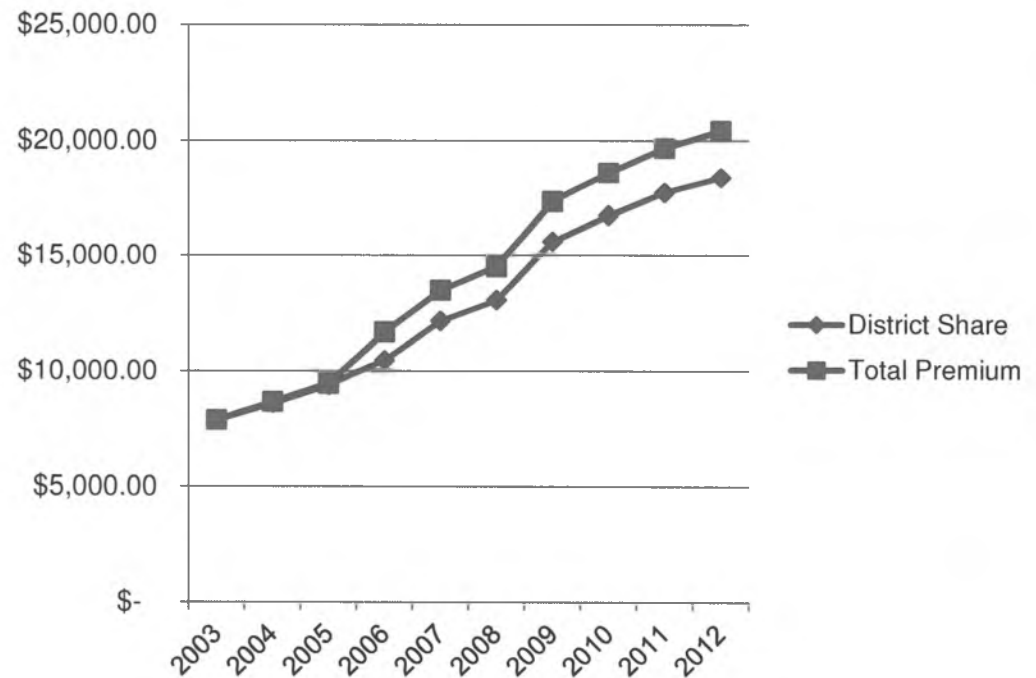
*Employee Benefits does not include the on-behalf contributions for TRS & PERS, which began in 2008

Source: Alaska Department of Labor & Workforce Development and Matanuska-Susitna Borough School District Comprehensive Annual Financial Reports



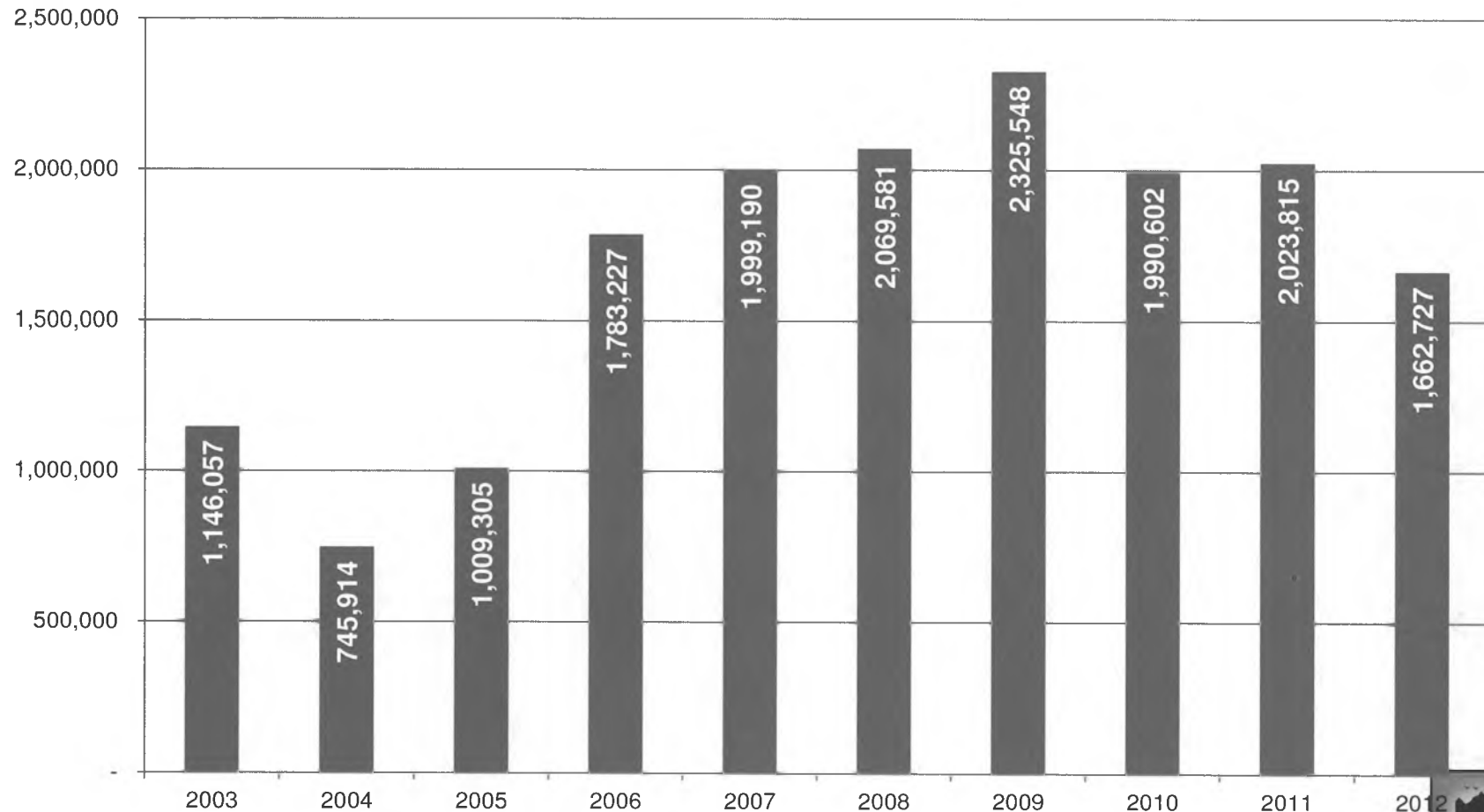
Health Insurance

- The total Health Premium has risen steadily since 2003 with an overall increase of almost 160%
- Through bargaining however, the District has set a priority to attempt to maintain these increases and our costs have increased about 133%



Source: Matanuska-Susitna Borough School District Department of Human Resources

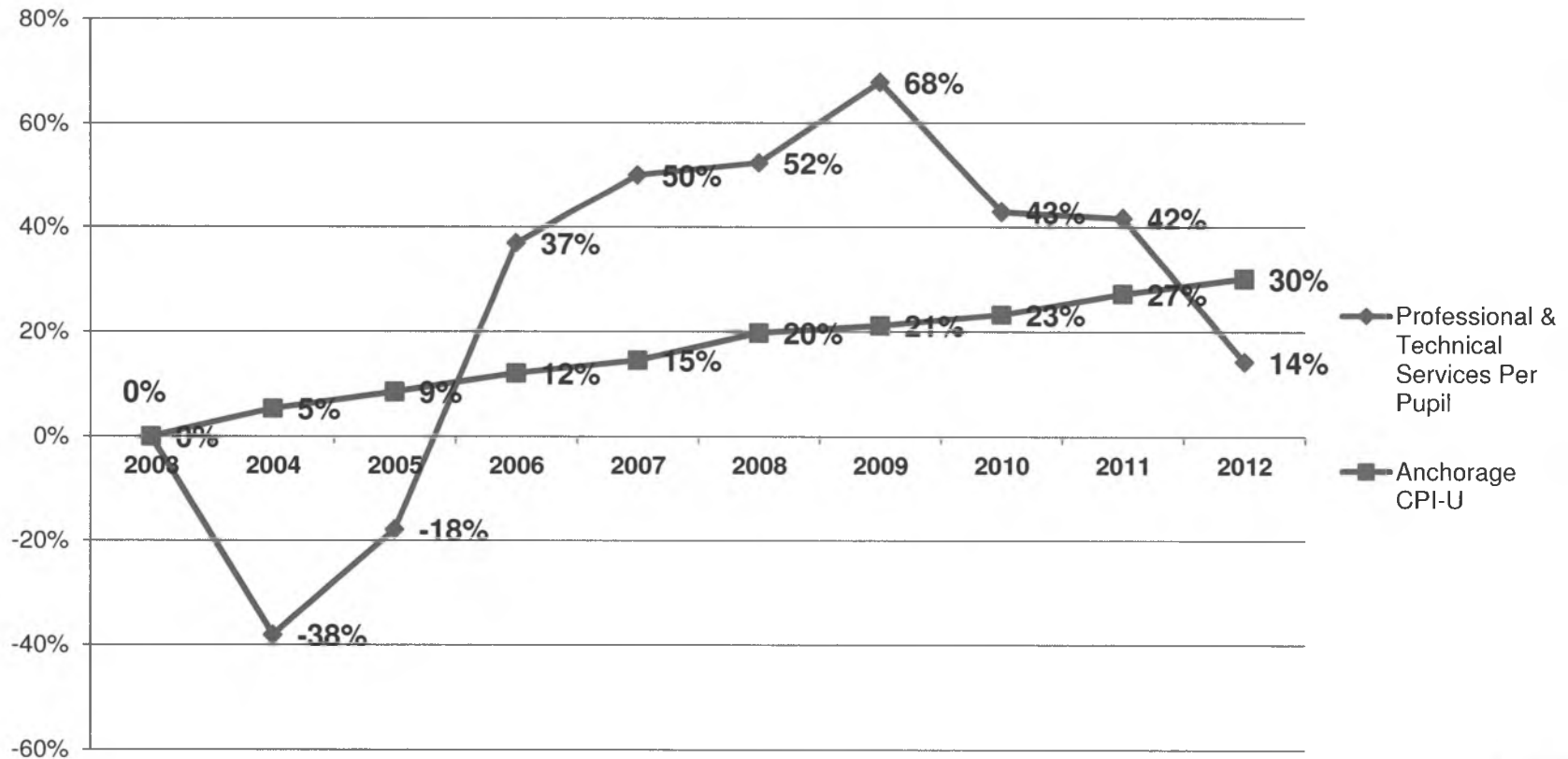
Total Professional & Technical Services



Source: Matanuska-Susitna Borough School District Comprehensive Annual Financial Reports



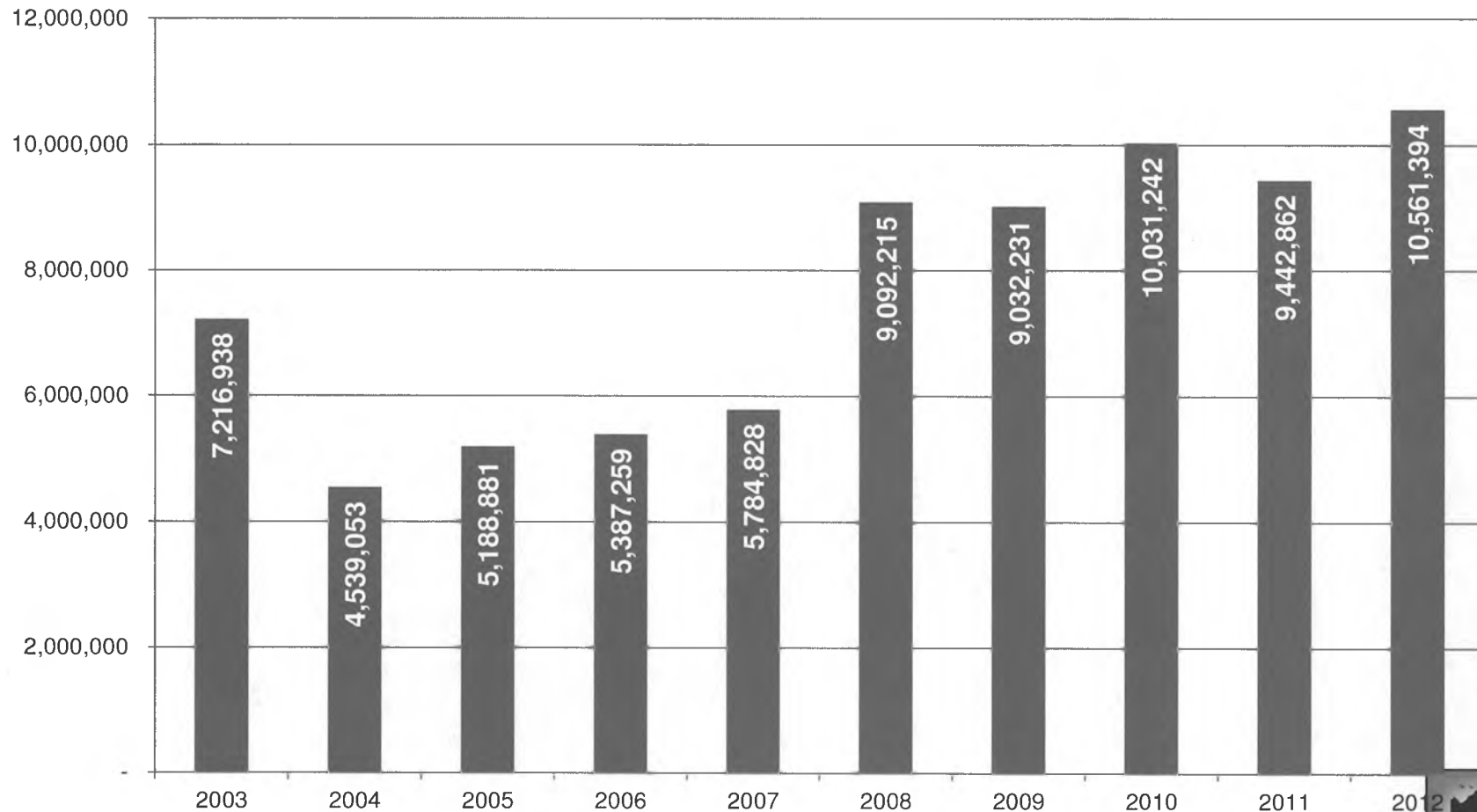
Straight Line Growth Rate Comparison Professional & Technical Services Per Pupil (FY2002-03 Base Year)



Source: Alaska Department of Labor & Workforce Development and Matanuska-Susitna Borough School District Comprehensive Annual Financial Reports



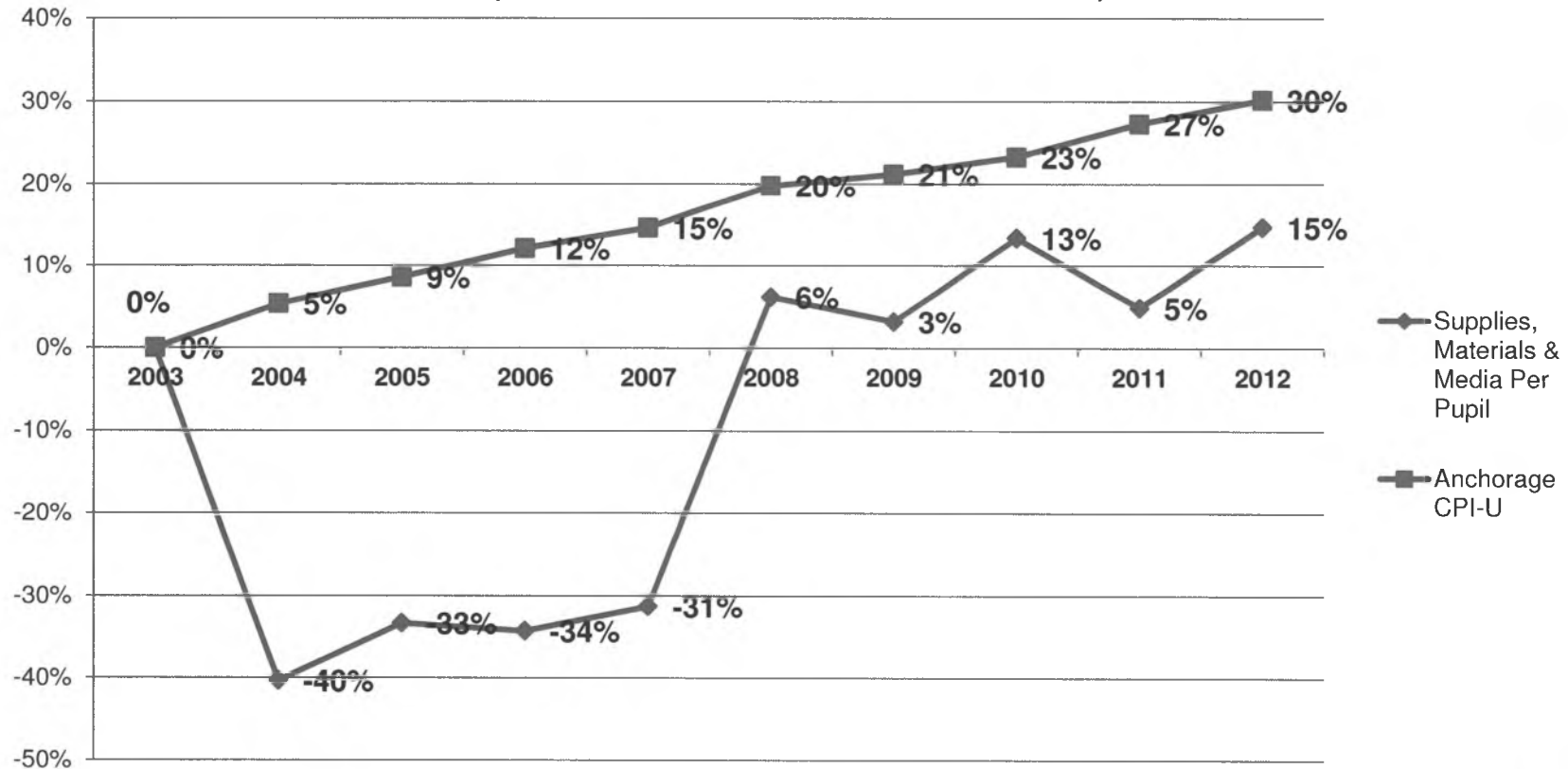
Total Supplies, Materials & Media



Source: Matanuska-Susitna Borough School District Comprehensive Annual Financial Reports



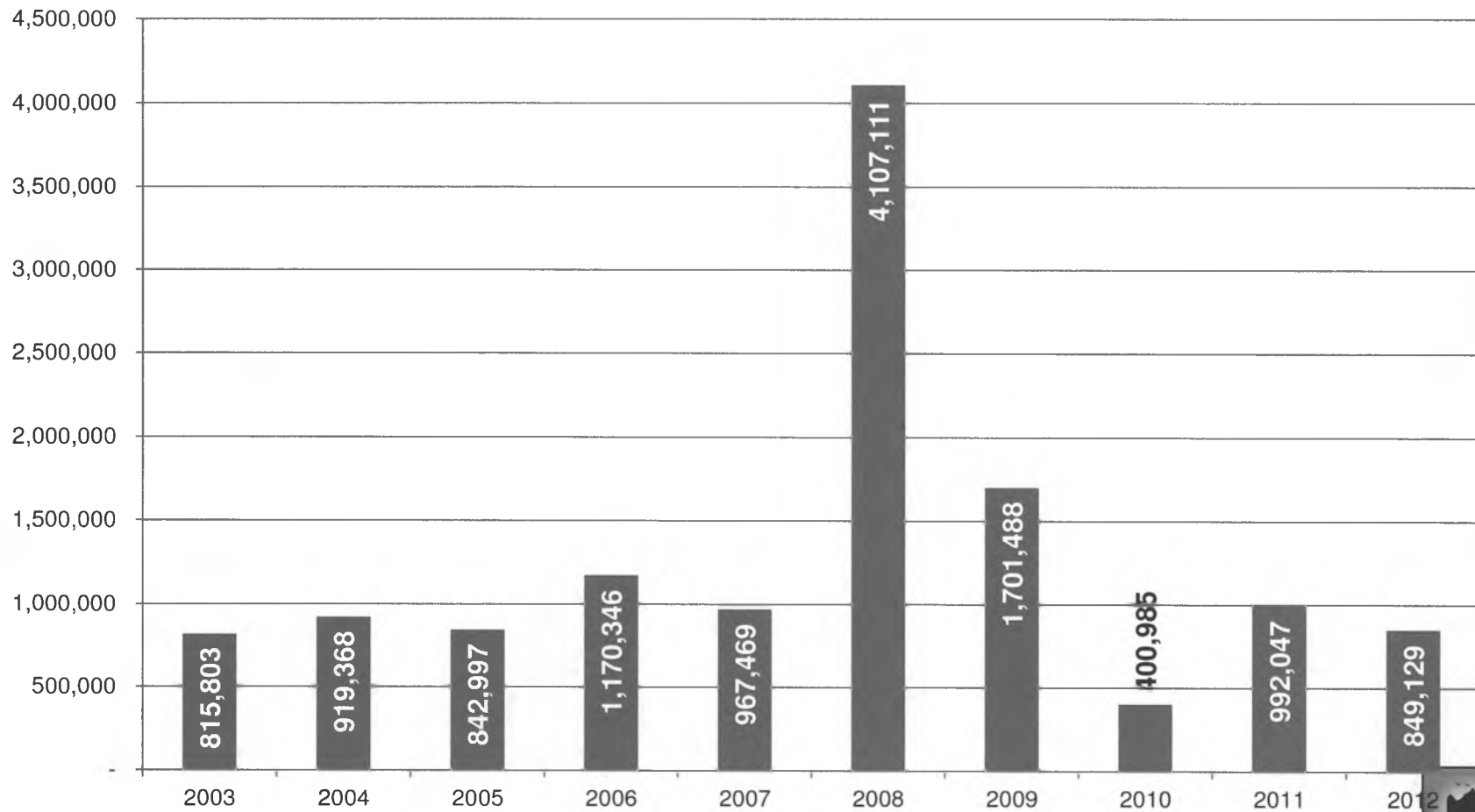
Straight Line Growth Rate Comparison Supplies, Materials & Media Per Pupil (FY2002-03 Base Year)



Source: Alaska Department of Labor & Workforce Development and Matanuska-Susitna Borough School District Comprehensive Annual Financial Reports



Total Equipment

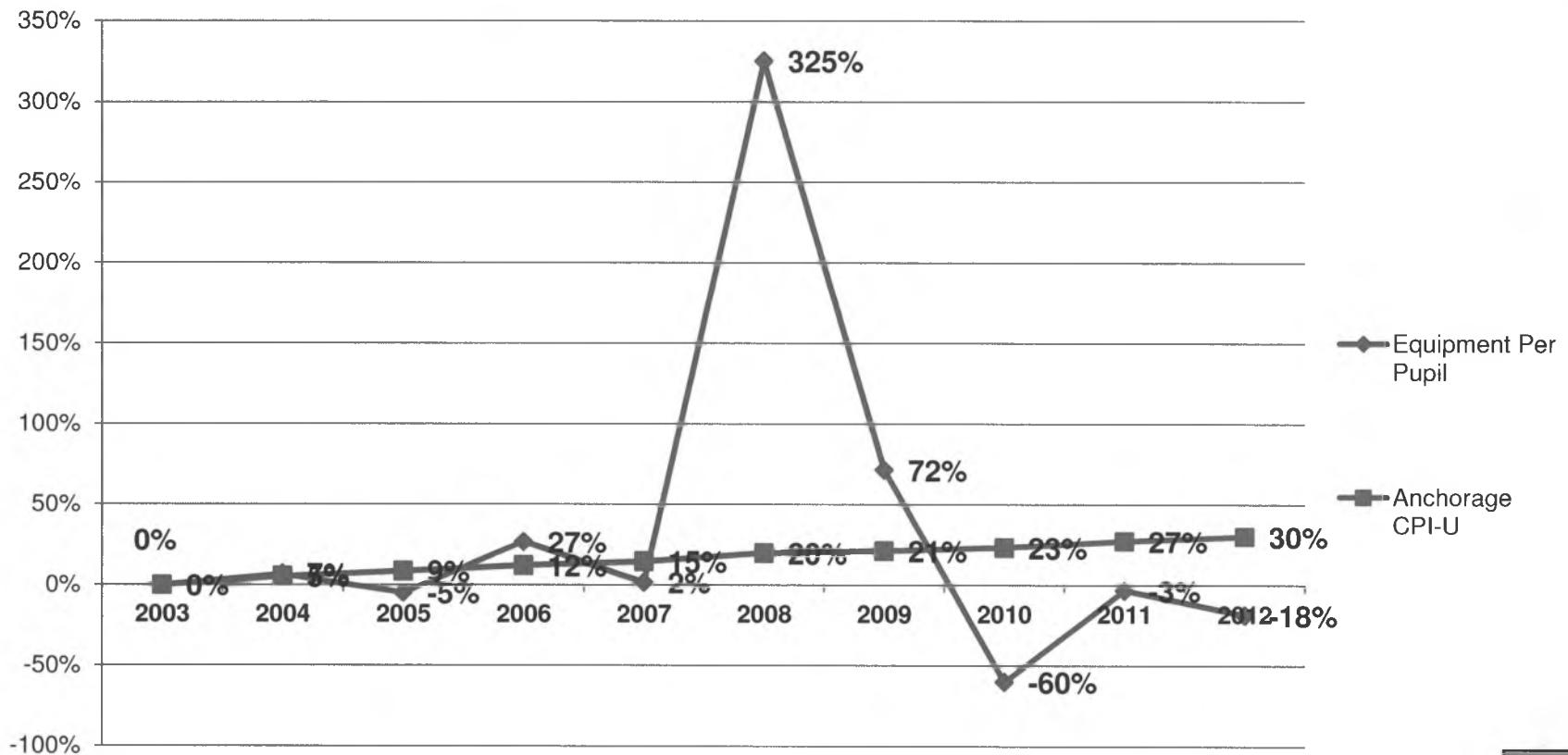


Source: Matanuska-Susitna Borough School District Comprehensive Annual Financial Reports



Matanuska-Susitna
Borough School District

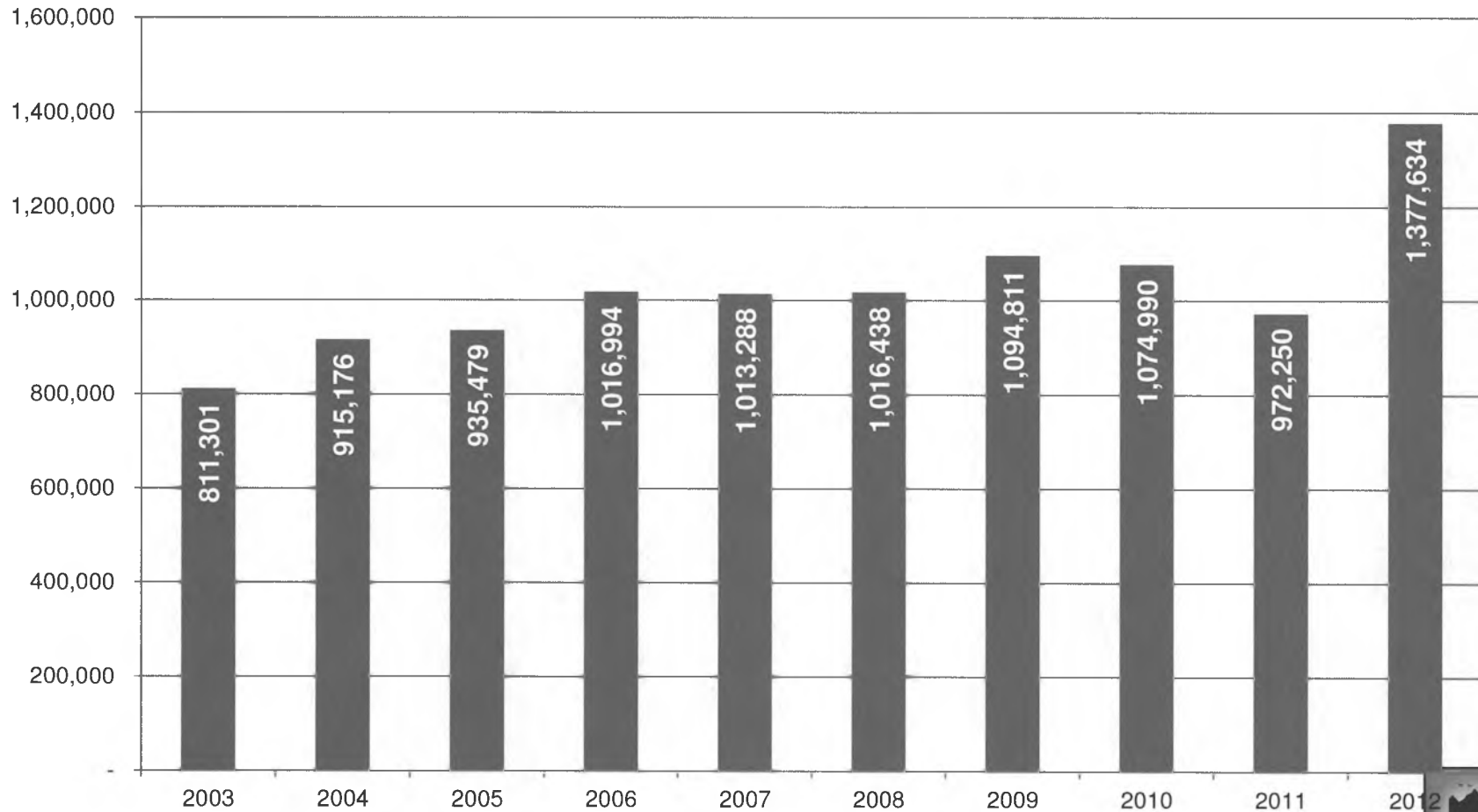
Straight Line Growth Rate Comparison Equipment Per Pupil (FY2002-03 Base Year)



Source: Alaska Department of Labor & Workforce Development and Matanuska-Susitna Borough School District Comprehensive Annual Financial Reports



Total Utility Services

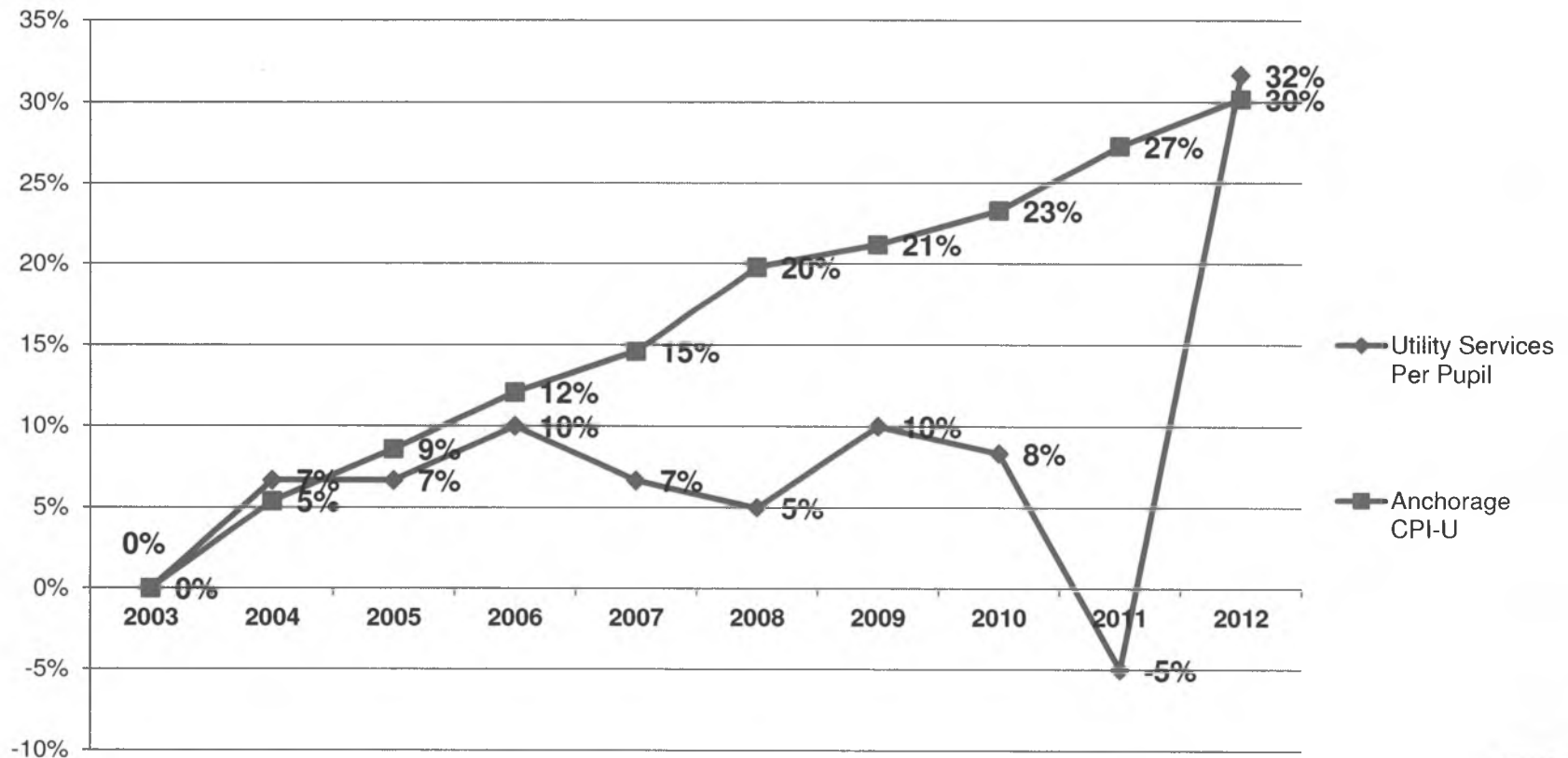


Source: Matanuska-Susitna Borough School District Comprehensive Annual Financial Reports



Matanuska-Susitna
Borough School District

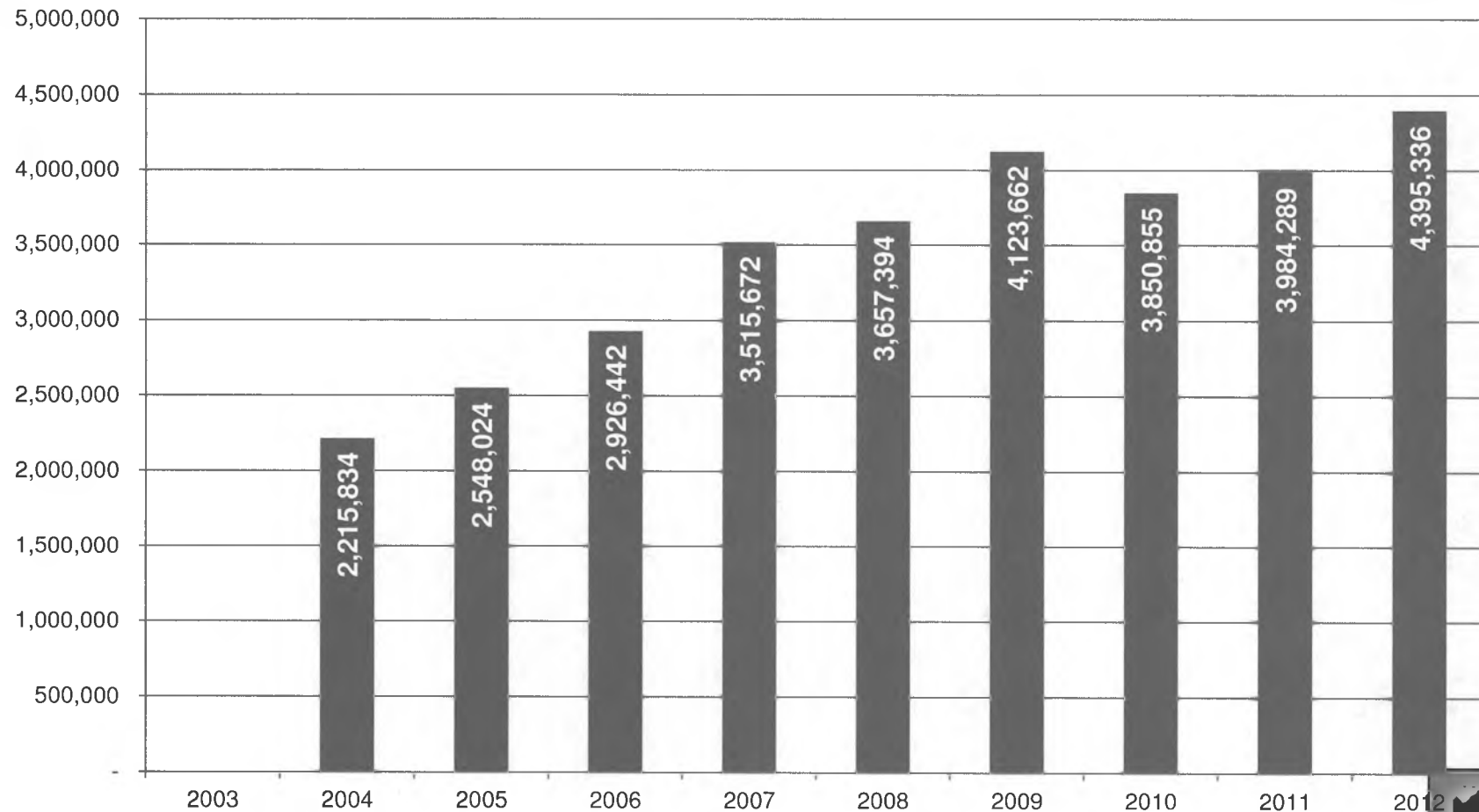
Straight Line Growth Rate Comparison Utility Services Per Pupil (FY2002-03 Base Year)



Source: Alaska Department of Labor & Workforce Development and Matanuska-Susitna Borough School District Comprehensive Annual Financial Reports



Total Energy

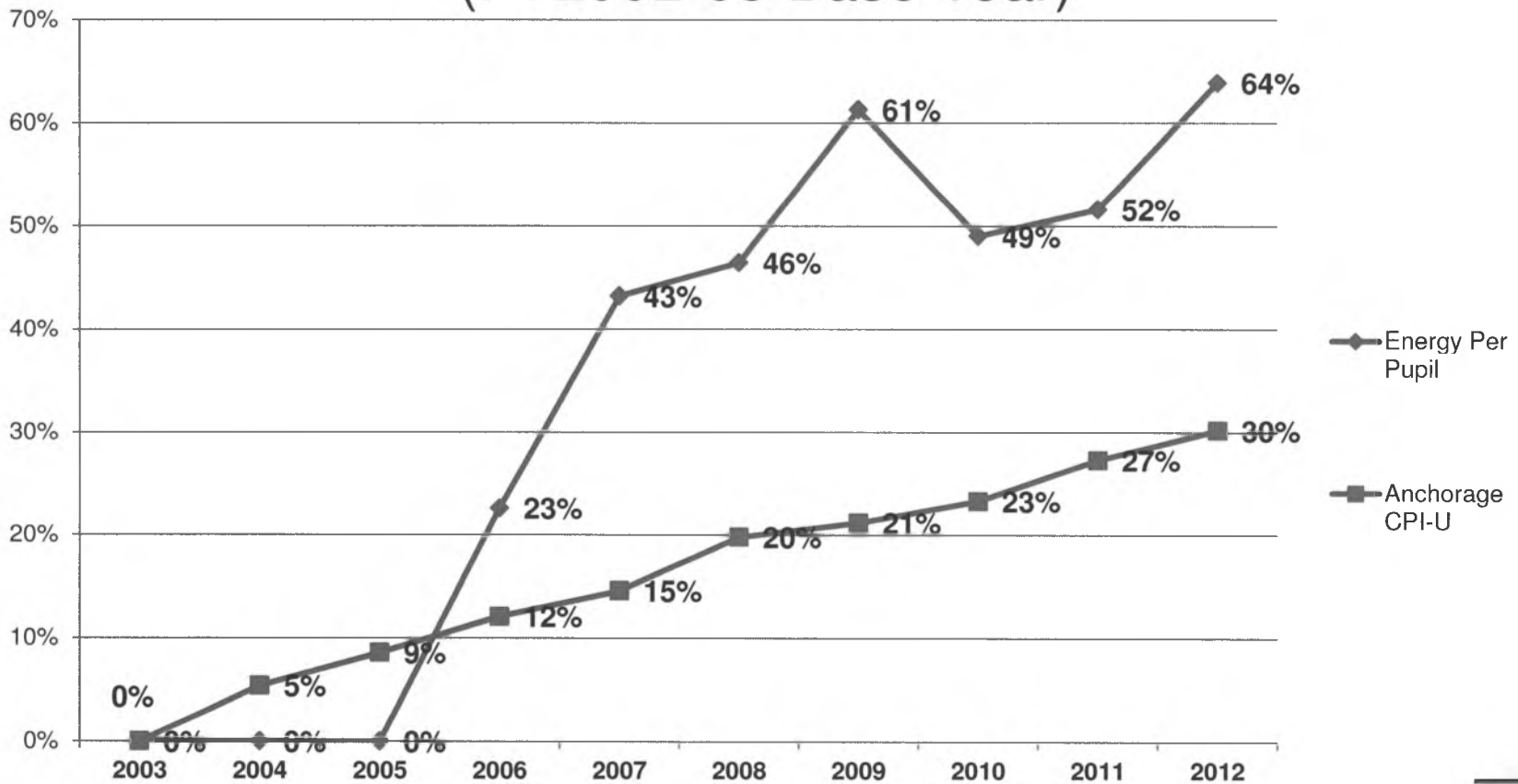


Source: Matanuska-Susitna Borough School District Comprehensive Annual Financial Reports



Matanuska-Susitna
Borough School District

Straight Line Growth Rate Comparison Energy Per Pupil (FY2002-03 Base Year)



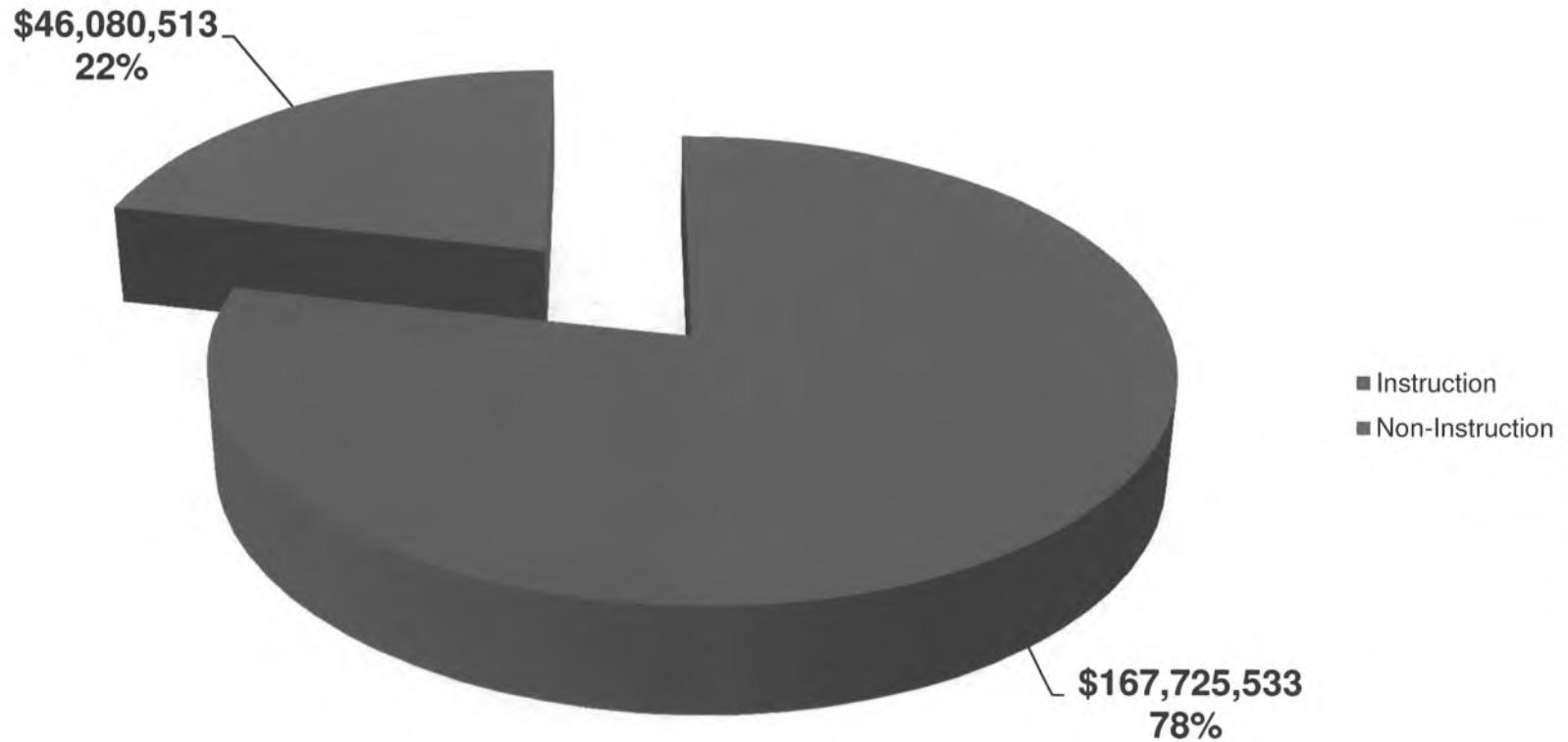
Source: Alaska Department of Labor & Workforce Development and Matanuska-Susitna Borough School District Comprehensive Annual Financial Reports



Matanuska-Susitna
Borough School District

Focus on Instruction

2012 General Fund Expenditures



Source: Matanuska-Susitna Borough School District Comprehensive Annual Financial Reports





Financing the Future

LONGTERM FORECAST

Revenue Assumptions

- Borough Revenue continues to INCREASE at 3%
- Federal Revenue Maintains with ZERO INCREASE or DECREASE
- State Energy Relief Funding continues at \$100 per Adjusted ADM
- Student Safety and Security Grant ends after FY14
- ZERO INCREASE or DECREASE in the State Foundation Formula
- Intensive Count maintains at 321 students
- Other Local Receipts maintains with ZERO INCREASE or DECREASE

Expense Assumptions

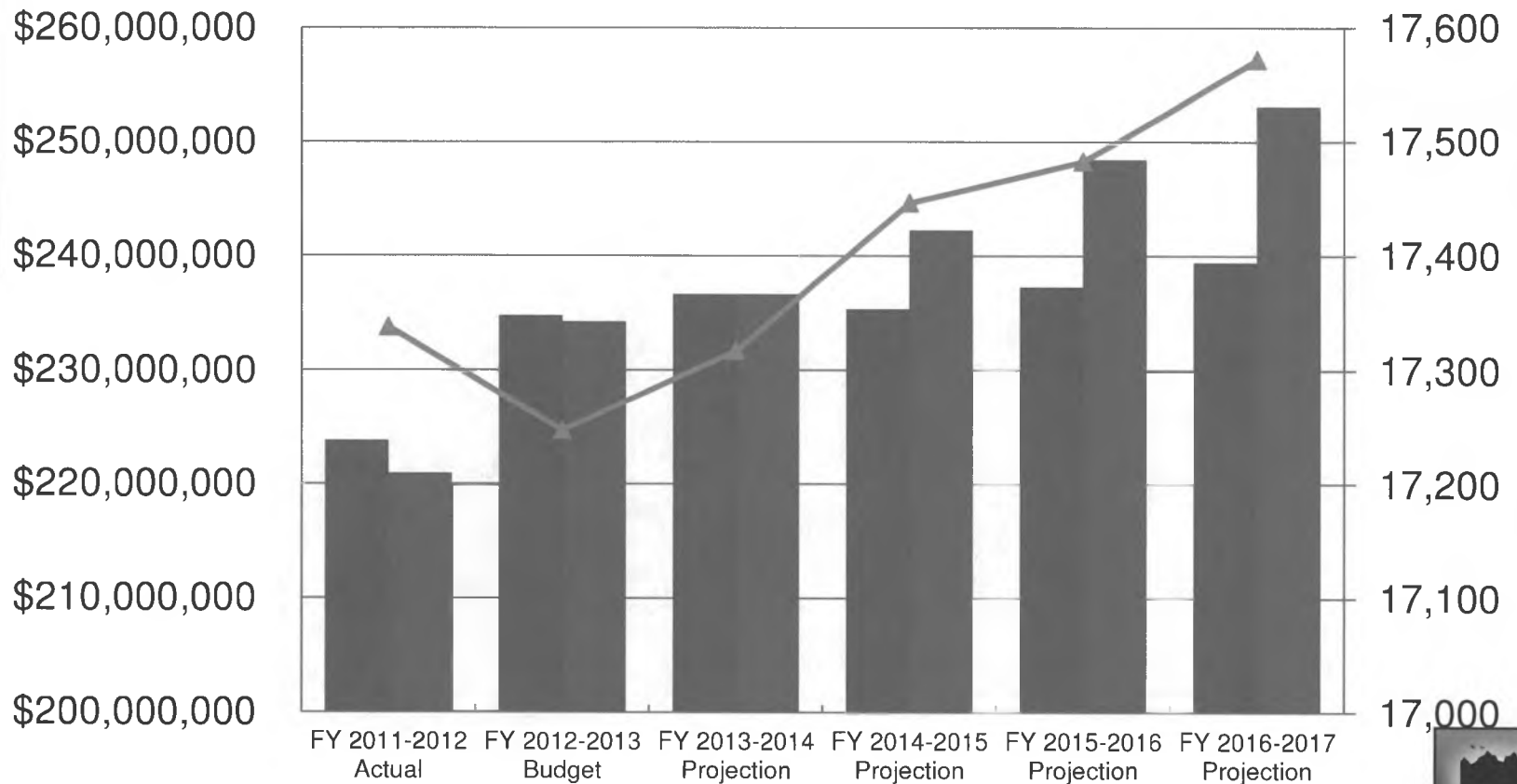
- Certificated Salaries are maintained with an average annual step INCREASE of 1.8%
- Non-Certificated Salaries are maintained with an average annual step INCREASE of 3.2%
- Health and Life insurance INCREASE at an annual rate of 8% with the INCREASE split 50/50 between employee's and the District (Overall INCREASE to District costs equal 4%)
- All other deduction factors are maintained with any INCREASE due to INCREASE in Salary factors
- Utilities INCREASE at an annual rate of 10%
- Insurance Bonds & Premiums INCREASE at an annual rate of 1.5%
- Indirect rate is maintained at 5.58% annually and amounts are based on Grant projections included in the FY14 Budget Book
- All other Non-Personnel accounts are maintained with ZERO INCREASE or DECREASE

Long Term Forecast

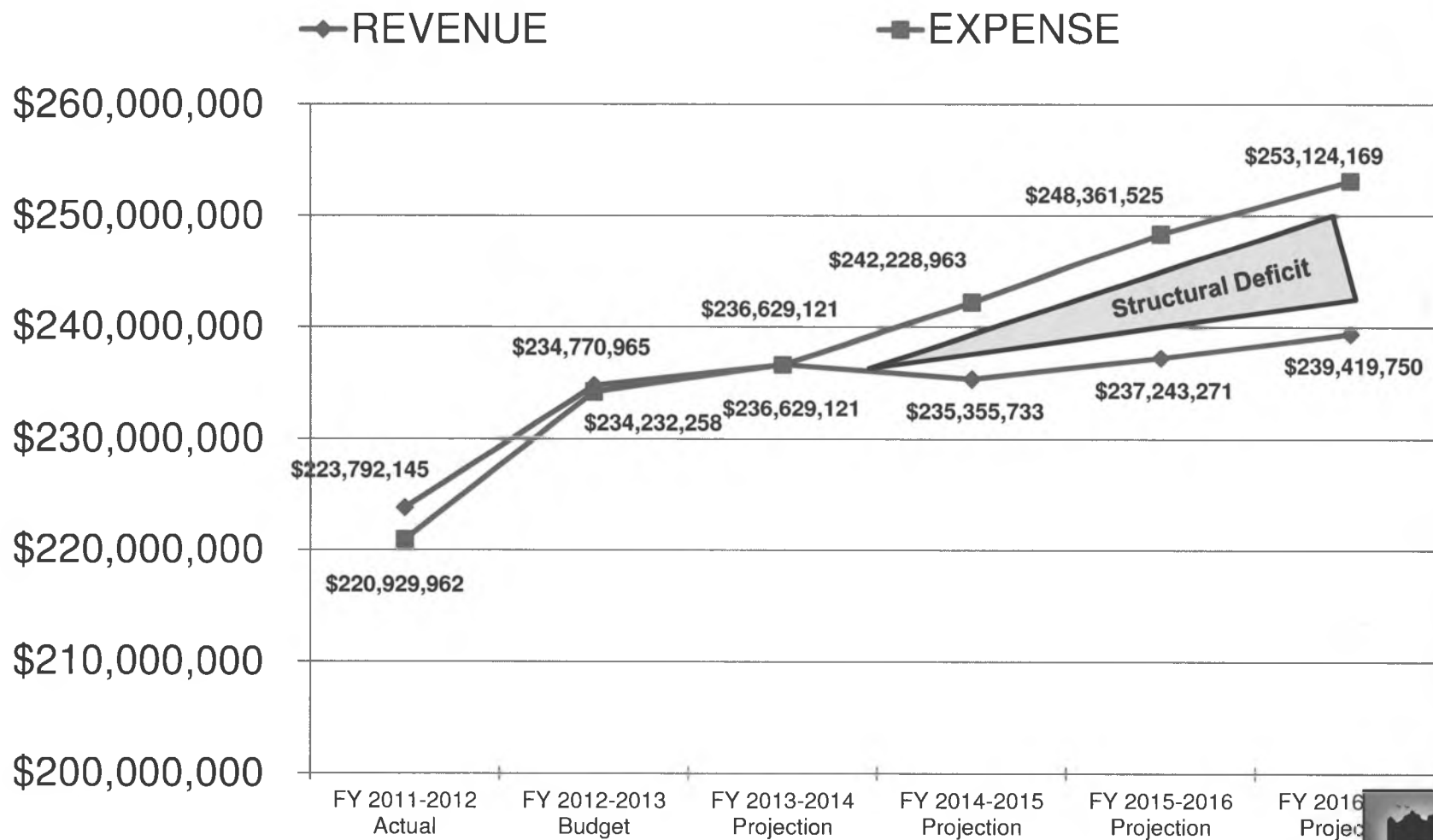
	FY 2011-2012 Actuals (A)	FY 2012-2013 Budget (C)	FY 2013-2014 Projection (E)	FY 2014-2015 Projection (F)	% Change (F) - (E)	FY 2015-2016 Projection (G)	% Change (G) - (F)	FY 2016-17 Projection (H)
Enrollment	17,338	17,247	17,317	17,446	0.74%	17,482	0.21%	17,572
REVENUE								
Federal Revenue	\$ 1,989,092	\$ 1,837,000	\$ 1,910,679	\$ 1,800,000	-5.79%	\$ 1,800,000	0.00%	\$ 1,800,000
State Foundation	\$ 139,579,127	\$ 141,742,098	\$ 138,299,622	\$ 139,316,720	0.74%	\$ 139,614,123	0.21%	\$ 140,148,754
State Energy Relief Funds	\$ 2,361,367	\$ 2,929,851	\$ 2,864,272	\$ 2,891,010	0.93%	\$ 2,896,231	0.18%	\$ 2,905,617
Student Safety & Security	\$ -	\$ -	\$ 2,410,327	\$ -	-100.00%	\$ -		\$ -
Borough Support	\$ 48,048,419	\$ 49,797,786	\$ 51,291,720	\$ 52,830,472	3.00%	\$ 54,415,386	3.00%	\$ 56,047,848
Other Local Receipts - student & user fees	\$ 1,660,677	\$ 147,500	\$ 200,000	\$ 200,000	0.00%	\$ 200,000	0.00%	\$ 200,000
Sub-Total Revenue	\$ 193,638,682	\$ 196,454,235	\$ 196,976,620	\$ 197,038,202		\$ 198,925,740		\$ 201,102,219
State On-behalf for Emp. Retirement Systems	\$ 28,752,528	\$ 36,616,844	\$ 38,317,531	\$ 38,317,531	0.00%	\$ 38,317,531	0.00%	\$ 38,317,531
Total Revenue	\$ 222,391,210	\$ 233,071,079	\$ 235,294,151	\$ 235,355,733		\$ 237,243,271		\$ 239,419,750
Use of Fund Balance	\$ 1,400,935	\$ 1,699,886	\$ 1,334,970	\$ -	-100.00%	\$ -	0.00%	\$ -
Total Projected Revenue & Fund Balance	\$ 223,792,145	\$ 234,770,965	\$ 236,629,121	\$ 235,355,733	-0.54%	\$ 237,243,271	0.80%	\$ 239,419,750
EXPENSES								
Personnel Costs								
Salaries	\$ 107,622,808	\$ 112,752,770	\$ 111,747,522	\$ 114,316,361	2.30%	\$ 116,947,262	2.30%	\$ 119,641,807
Benefits	\$ 48,498,867	\$ 50,541,448	\$ 51,975,228	\$ 54,340,997	4.55%	\$ 56,878,692	4.67%	\$ 59,495,240
State On-behalf for Emp. Retirement Systems	\$ 28,752,528	\$ 36,616,844	\$ 38,317,531	\$ 38,317,531	0.00%	\$ 38,317,531	0.00%	\$ 38,317,531
Non-Personnel Costs								
Utilities	\$ 5,767,579	\$ 6,378,969	\$ 7,111,464	\$ 7,822,610	10.00%	\$ 8,604,871	10.00%	\$ 9,465,358
Non-Personnel Costs	\$ 23,164,264	\$ 27,717,227	\$ 25,902,376	\$ 25,856,464	-0.18%	\$ 26,038,169	0.70%	\$ 26,204,233
Total Expenditures	\$ 213,806,046	\$ 234,007,258	\$ 235,054,121	\$ 240,653,963		\$ 246,786,525		\$ 253,124,169
Transfers to Other Funds, including Food Service,	\$ 7,123,916	\$ 225,000	\$ 1,575,000	\$ 1,575,000		\$ 1,575,000		\$ -
Total Expenditures	\$ 220,929,962	\$ 234,232,258	\$ 236,629,121	\$ 242,228,963	2.37%	\$ 248,361,525	2.53%	\$ 253,124,169
Net Ending Unassigned Fund Balance (Deficit)	\$ 1,699,886	\$ 538,707	\$ -	\$ (6,873,230)		\$ (11,118,254)		\$ (13,704,419)

Three Year Projection

■ REVENUE ■ EXPENSE ▲ ENROLLMENT



Structural Deficit





Kodiak Island Borough School District
722 Mill Bay Road
(907) 481-6200

August 14, 2013

SENATE EDUCATION & EARLY DEVELOPMENT
Finance Subcommittee

Dear Chair Senator Dunleavy,

KIBSD budgets and spends funds using a "performance budget" approach. This is where our budgets are reviewed and built around allocating available funds with target needs based on student performance needs. Put simply, the money follows the needs. The purpose of this letter and presentation is to inform what education costs in the Kodiak Island Borough and why it costs. In the last ten years total expenditures have increased 88.7%.

During the last ten years the primary drivers of increased cost are:

- PERS/TERS 71.69% increase
- Health Insurance 158.98% increase
- Base Salaries increased 26.85% increase
- Top Salaries Increased 21.83% increase
- Total Salaries increased 41% increase (due to retention and longevity of senior staff on the salary schedule)
- Communications (technology, bandwidth) 343.96% increase
- Utilities 84.5% increase
- Inflation 27.31% increase

The student enrollment for KIBSD has decreased 5.4% in the last decade. Due to available funds, reductions in personnel are 13.41% (more than twice the reduction of student enrollment). Schools are a business run on people and the tools of communication. We need to buy people, bandwidth, and the technology to prepare students for their future. The buying power of the dollar has been shrinking and the cost of buying people and technology is not. People must be trained and retrained. Instructional materials and technology must be renewed and replaced. These are unavoidable expenses.

Schools are facing a steep cliff of underfunded or unfunded Federal and State mandates that require an increased number of people and training to meet these requirements. Superintendent McDonald and Chief Business Officer Pearce will be available to discuss details during a presentation to the Subcommittee.

Sincerely,


Stewart McDonald

COST OF EDUCATION 2004-2013

Kodiak Island Borough School District



Senate Finance Sub-Committee
August 21, 2013

Kodiak Island Borough School District

Performance Budgeting

- Performance-based budgeting in KIBSD is the practice of developing budgets based on the relationship between program funding levels and expected student performance from that program.

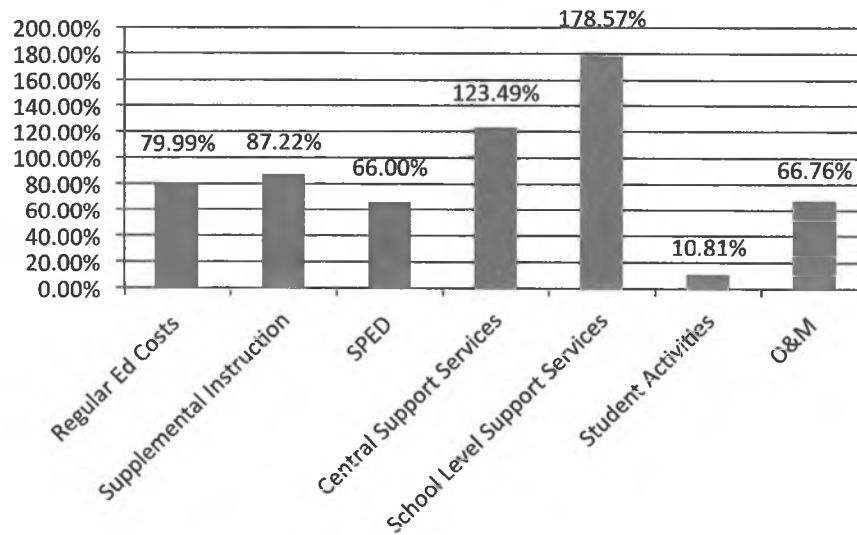
KIBSD Costs by Function 2004-2013

	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13
Regular Ed Costs	\$ 10,688,582	\$ 10,355,648	\$ 11,048,091	\$ 13,384,167	\$ 17,275,985	\$ 15,947,998	\$ 15,827,774	\$ 17,953,747	\$ 17,657,912	\$ 19,238,455
Supplemental Instruction	\$ 1,529,558	\$ 1,569,334	\$ 1,782,486	\$ 2,162,776	\$ 2,319,150	\$ 2,352,168	\$ 2,546,064	\$ 2,694,817	\$ 2,818,546	\$ 2,863,579
SPED	\$ 3,835,616	\$ 3,789,822	\$ 4,019,587	\$ 4,963,970	\$ 5,781,650	\$ 5,618,596	\$ 5,534,260	\$ 5,994,244	\$ 5,859,663	\$ 6,367,016
Central Support Services	\$ 1,907,572	\$ 1,584,377	\$ 1,761,336	\$ 2,760,951	\$ 3,378,489	\$ 3,219,546	\$ 4,109,736	\$ 3,864,316	\$ 3,833,484	\$ 4,263,295
School Level Support Services	\$ 2,797,795	\$ 2,900,791	\$ 3,081,185	\$ 4,022,474	\$ 5,245,474	\$ 5,485,449	\$ 5,520,024	\$ 7,167,684	\$ 7,873,855	\$ 7,793,802
Student Activities	\$ 632,719	\$ 242,380	\$ 273,699	\$ 793,521	\$ 905,023	\$ 720,223	\$ 833,880	\$ 861,333	\$ 691,708	\$ 701,089
O&M	\$ 3,830,975	\$ 1,725,977	\$ 1,987,276	\$ 4,838,045	\$ 5,827,831	\$ 5,706,685	\$ 5,900,929	\$ 6,162,616	\$ 6,560,017	\$ 6,388,405
	\$ 25,222,817	\$ 22,168,329	\$ 23,953,660	\$ 32,925,904	\$ 40,733,602	\$ 39,050,665	\$ 40,272,667	\$ 44,698,757	\$ 45,295,185	\$ 47,615,641

**88.78% Increase
in General Fund Expenditure Budget
2004-2013**

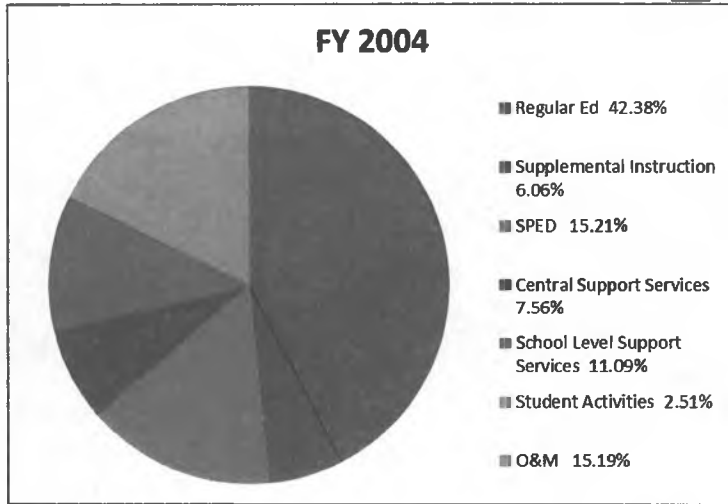
KIBSD Increases by Function 2004-2013

Regular Ed Costs	79.99%
Supplemental Instruction	87.22%
SPED	66.00%
Central Support Services	123.49%
School Level Support Services	178.57%
Student Activities	10.81%
O&M	66.76%



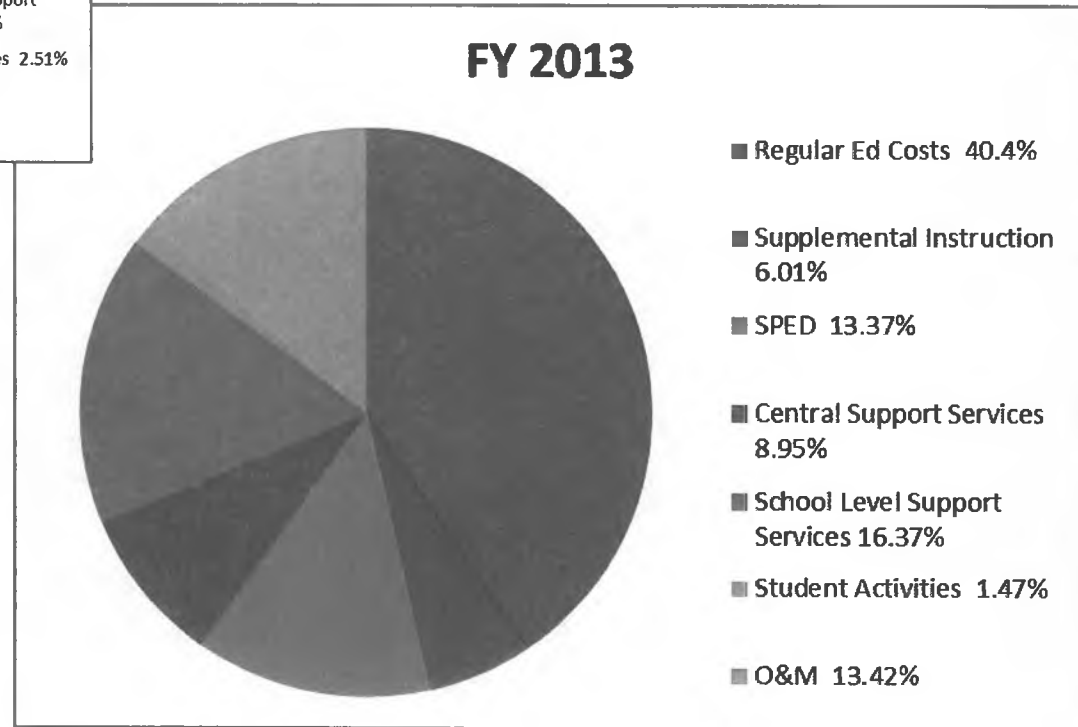
88.78% Overall Increase
in General Fund Expenditure Budget
2004-2013

KIBSD Percentage Change by Function 2004-2013



2004 Total Expenditures
\$25,222,817

2013 Total Expenditures
\$ \$47,615,641

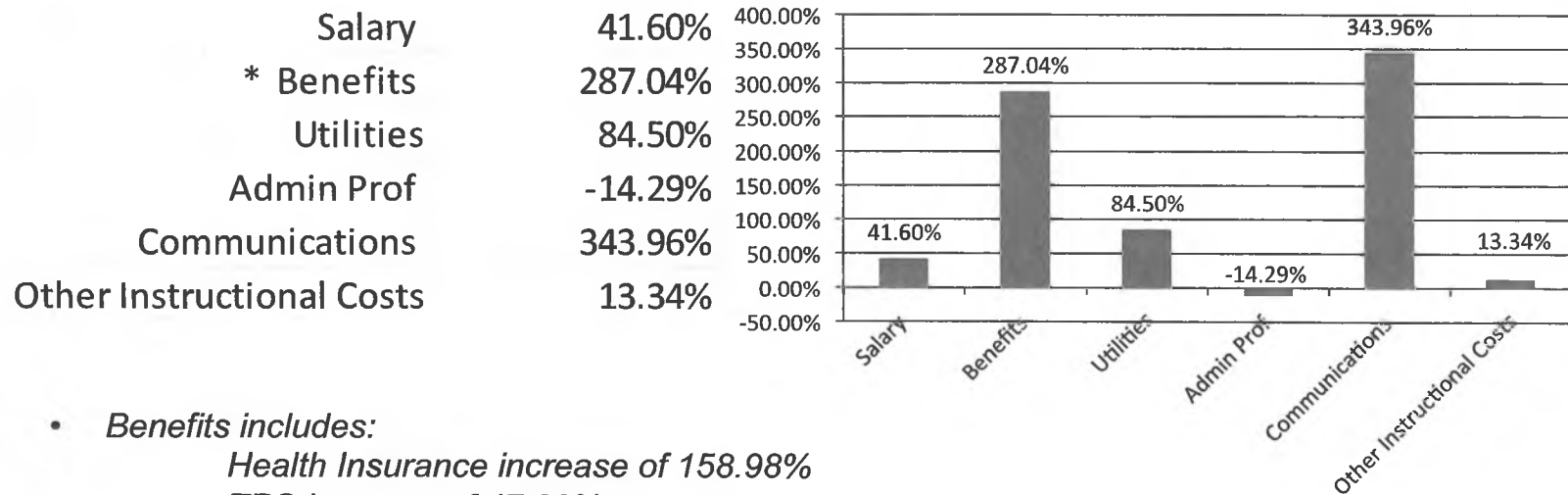


KIBSD Costs by Object 2004-2013

	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13
Salary	\$ 15,005,327	\$ 13,826,731	\$ 14,174,587	\$ 18,214,811	\$ 19,388,585	\$ 19,767,603	\$ 20,215,011	\$ 21,207,100	\$ 21,454,581	\$ 21,247,901
Benefits	\$ 4,656,797	\$ 4,264,764	\$ 5,009,799	\$ 8,260,992	\$ 13,755,466	\$ 12,384,877	\$ 12,202,961	\$ 13,707,851	\$ 15,862,243	\$ 18,023,669
Utilities	\$ 1,437,133	\$ 1,491,735	\$ 1,543,262	\$ 1,966,302	\$ 2,337,061	\$ 1,985,552	\$ 2,069,133	\$ 1,721,607	\$ 2,660,318	\$ 2,651,444
Admin Prof	\$ 715,215	\$ 711,718	\$ 675,670	\$ 809,773	\$ 910,883	\$ 800,039	\$ 745,132	\$ 3,122,126	\$ 559,455	\$ 613,005
Communications	\$ 367,996	\$ 383,733	\$ 407,407	\$ 711,834	\$ 851,927	\$ 865,640	\$ 927,091	\$ 963,290	\$ 1,328,839	\$ 1,633,753
Other Instructional Costs	\$ 3,040,349	\$ 1,489,648	\$ 2,142,935	\$ 2,962,192	\$ 3,489,679	\$ 3,246,954	\$ 4,113,339	\$ 3,976,783	\$ 3,429,749	\$ 3,445,869
	\$ 25,222,817	\$ 22,168,329	\$ 23,953,660	\$ 32,925,904	\$ 40,733,602	\$ 39,050,665	\$ 40,272,667	\$ 44,698,757	\$ 45,295,185	\$ 47,615,641

**88.78% Increase
in General Fund Expenditure Budget
2004-2013**

KIBSD Increases by Object 2004-2013



- *Benefits includes:*
Health Insurance increase of 158.98%
TRS increase of 47.82%
PERS increase of 23.87%

**88.78% Overall Increase
in General Fund Expenditure Budget
2004-2013**

KIBSD Certified Salary Comparisons 2004-2013

	Base BA0/0)	MA18/5	MA54/20
2004	34499.00	53128.00	69688.00
2005	35016.00	53925.00	70732.00
2006	35541.00	54733.00	71793.00
2007	37216.00	56408.00	73468.00
2008	38146.00	57982.00	75148.00
2009	39100.00	59432.00	77027.00
2010	41250.00	61582.00	79959.00
2011	42488.00	63307.00	82427.00
2012	43763.00	65207.00	84900.00
2013	43763.00	65207.00	84900.00
	26.85%	22.74%	21.83%

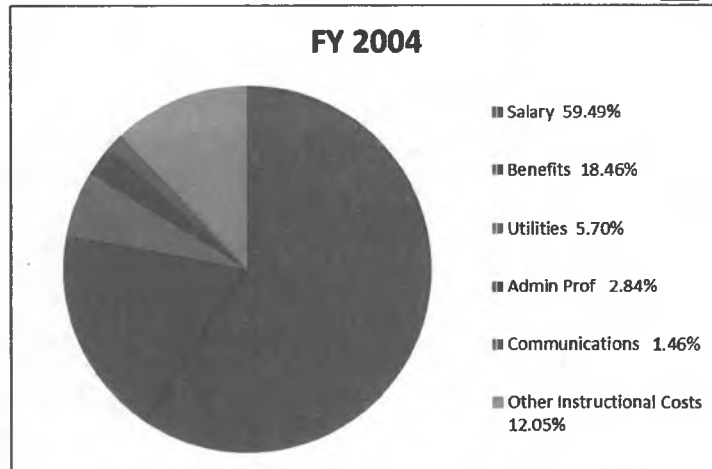
Cumulative Buying Power (CPI) Increase 2004-2013 27.31%

KIBSD Certified Scattergram 2013

Step	BA + 0		BA + 18		BA +36 / MA + 0		BA + 54 / MA + 18		MA + 36		MA + 54		
	FTE	Salary	FTE	Salary	FTE	Salary	FTE	Salary	FTE	Salary	FTE	Salary	
0	3.00	\$ 43,763		\$ 46,826	3.00	\$ 49,015	1.00	\$ 52,078		\$ 55,141		\$ 57,330	7.00
1	6.00	\$ 47,264	1.00	\$ 49,452	2.00	\$ 52,516		\$ 55,141	1.00	\$ 57,767		\$ 60,831	10.00
2	2.00	\$ 49,452		\$ 52,516	4.00	\$ 55,579		\$ 57,767		\$ 60,831		\$ 63,894	6.00
3	3.67	\$ 52,516	1.00	\$ 55,579	2.00	\$ 57,767		\$ 60,831		\$ 63,456	1.00	\$ 66,520	7.67
4	2.00	\$ 55,141	3.00	\$ 57,767	5.00	\$ 60,393	1.00	\$ 63,456		\$ 65,645		\$ 69,583	11.00
5	1.00	\$ 56,454	3.00	\$ 59,518	2.00	\$ 62,581	1.00	\$ 65,207	1.00	\$ 67,833	1.00	\$ 71,771	9.00
6	5.00	\$ 57,330		\$ 61,268	4.00	\$ 64,332	1.00	\$ 66,957		\$ 70,021		\$ 73,522	10.00
7			9.00	\$ 62,581	2.00	\$ 66,082	1.00	\$ 69,146	1.00	\$ 71,771		\$ 75,272	13.00
8					4.00	\$ 67,833	2.00	\$ 70,896	3.00	\$ 73,522		\$ 77,023	9.00
9					16.50	\$ 69,583	1.00	\$ 72,209	1.00	\$ 74,835		\$ 78,773	18.50
10							12.00	\$ 73,959	3.00	\$ 76,585		\$ 80,086	15.00
11									11.67	\$ 78,336	2.00	\$ 81,837	13.67
12											8.00	\$ 83,150	8.00
17		\$ 58,205	1.00	\$ 63,456	1.00	\$ 70,458	3.00	\$ 74,835	1.00	\$ 79,211	6.00	\$ 84,025	12.00
20		\$ 59,080	2.00	\$ 64,332	9.00	\$ 71,334	11.00	\$ 75,710	5.00	\$ 80,086	24.00	\$ 84,900	51.00
	22.67		20.00		54.50		34.00		27.67		42.00		
													Total FTE 200.84

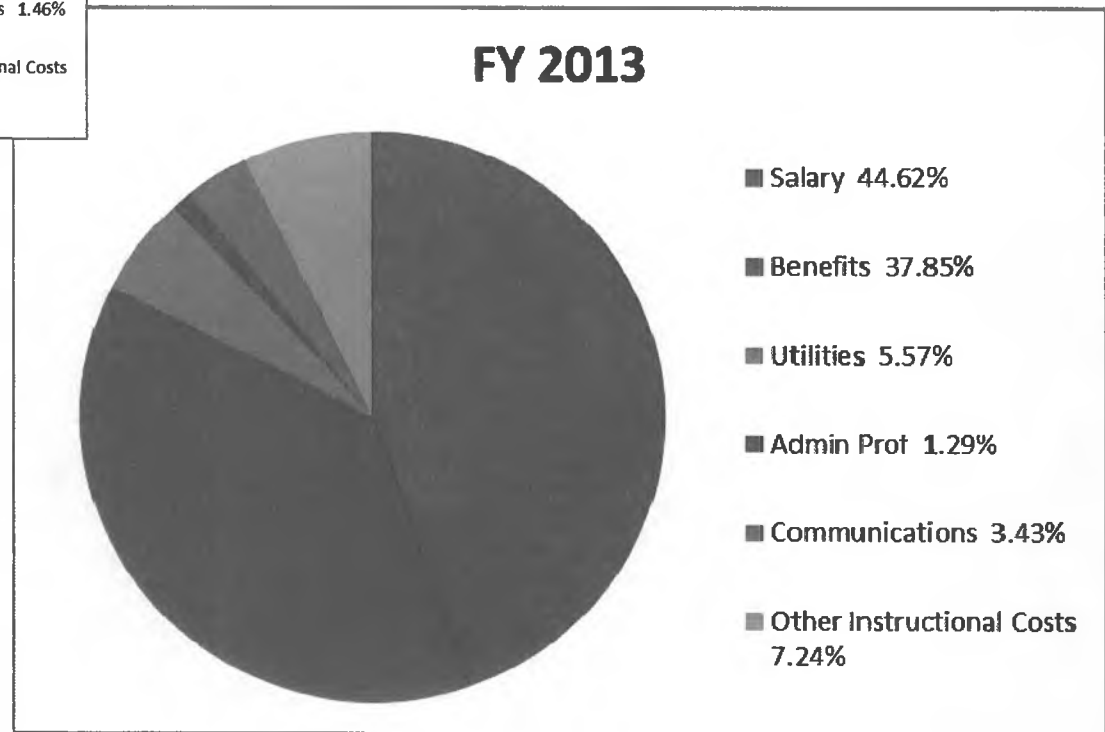
Retention is not a problem in Kodiak!

KIBSD Percentage Change by Object 2004-2013



2004 Total Expenditures
\$25,222,817

2013 Total Expenditures
\$ \$47,615,641



STAFF ACCOUNTING/Student Enrollment Ten Year HISTORY FY04-FY13 (October 1 DATA)

	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	*FY14		FY04-FY13
Total Students	2697	2701	2749	2661	2689	2618	2595	2565	2524	2559	2529	% Change	-5.39%
General Funded Teaching Staff	192	196	204	204	212	200	190	194	180	177	158	% Change	-8.47%
Grant Funded Teaching Staff	12	11	9	8	9	8	8	9	8	9	9	% Change	-33.33%
Counselors	4	4	5	5	6	8	8	8	7	6	5	% Change	33.33%
Occupational/Physical Therapists	3	3	3	3	3	3	2	2	2	2	2	% Change	-50.00%
Psychologists	2	3	3	3	4	3	4	5	4	4	4	% Change	50.00%
Speech Language Pathologists	5	5	5	5	5	4	3	2	3	2	2	% Change	-150.00%
Certificated Admin Staff	18	18	18	17	17	17	17	17	14	13	12	% Change	-38.46%
Total Certificated Staff	236	240	247	245	256	243	232	237	218	213	192	% Change	-10.80%
Classified/Exempt Staff	229	234	217	221	209	233	214	210	203	197	197	% Change	-16.24%
TOTAL STAFF	465	474	464	466	465	476	446	447	421	410	389	% Change	-13.41%

Expenses are controlled by seeking efficiencies in non personnel where ever possible. People are required to deliver education via technology or the traditional classroom. KIBSD uses a blended classroom to stretch student staff contact when possible.

Staffing is controlled by student enrollment. A scalable staffing formula increases or decreases students automatically to maintain this formula.

Additional staff reductions have resulted due to available funds.

Staffing has been reduced more than twice to seven times the rate of changes in student enrollment due to available funds.

KIBSD Other Cost Drivers 2004-2013

- Intensive Needs Students (IEP identified student needs)
- Village Housing Subsidy
- Transportation Subsidy
- Unfunded Mandates (compliance requirements, standards, evaluations, SPED and more)
- Negotiations
- Technology & Equipment Replacement
- Professional Development

PRESENTATION TO SENATE FINANCE SUB-COMMITTEE FOR EDUCATION



Lake and Peninsula School District

Laura Hylton, Business Manager
Rick Luthi, Chief Operating Officer

Square Miles:	30,907
Population:	~1,631
Enrollment:	~ 329
Schools:	13

August 21, 2013

LPSD PERSPECTIVE

- × Located on the Alaska Peninsula – LPSD operates 13 K-12 schools serving 14 communities
- × LPSD is the 10th largest school district in the nation using land area the 7th with water area
- × Our communities are small and remote with school year access limited to air service
- × With the exception of Port Alsworth which is growing community populations are declining

CLASSROOM STRUCTURE

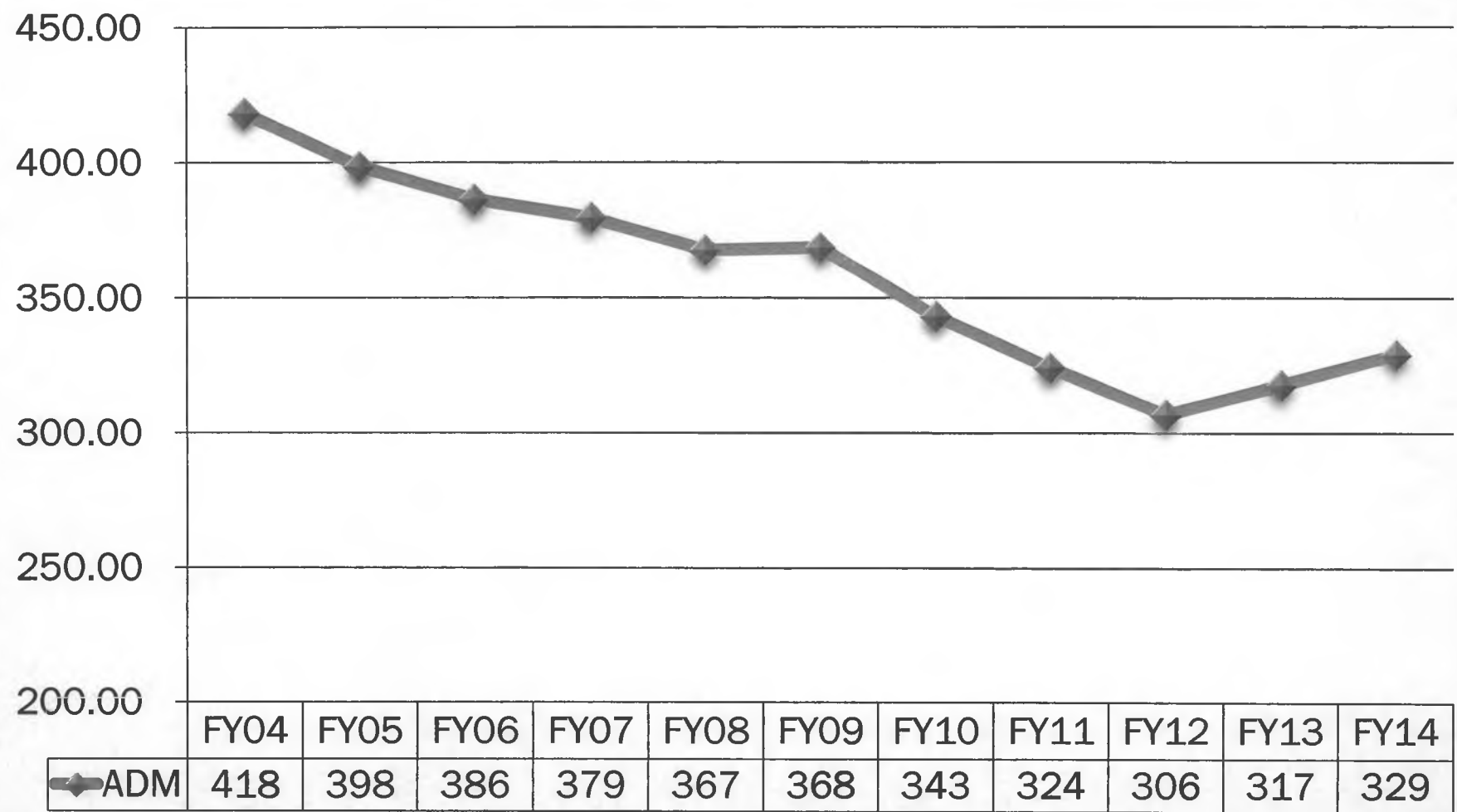
LPSD schools are multi-graded, teachers cover all subjects for a range of ages and skill levels

Sites are small limiting specializations and peer support

- 6 schools with 2 teachers (minimum)
- 2 schools with 3 teachers
- 3 schools with 4-5 teachers
- 2 schools with 6-8 teachers

Itinerate specialists provide mentoring and support

LPSD STUDENT POPULATION



REVENUE BY SOURCE

	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014
Borough Appropriation	858,435	869,253	869,253	935,394	941,876	973,604	923,476	1,028,797	1,028,792	772,513	735,594
Local Revenue	403,994	405,388	534,304	604,852	633,006	556,305	389,523	313,532	459,275	558,584	585,744
State Revenue	5,940,978	6,203,712	6,742,639	8,100,077	10,190,970	9,836,898	9,492,103	9,746,580	10,437,293	10,967,419	11,244,643
Federal Revenue	2,407,740	2,332,860	2,371,275	2,290,548	2,424,887	2,858,056	3,383,237	3,144,614	2,962,104	2,868,822	2,160,881
Total	9,611,147	9,811,213	10,517,471	11,930,871	14,190,739	14,224,863	14,188,339	14,233,523	14,887,464	15,167,338	14,726,862

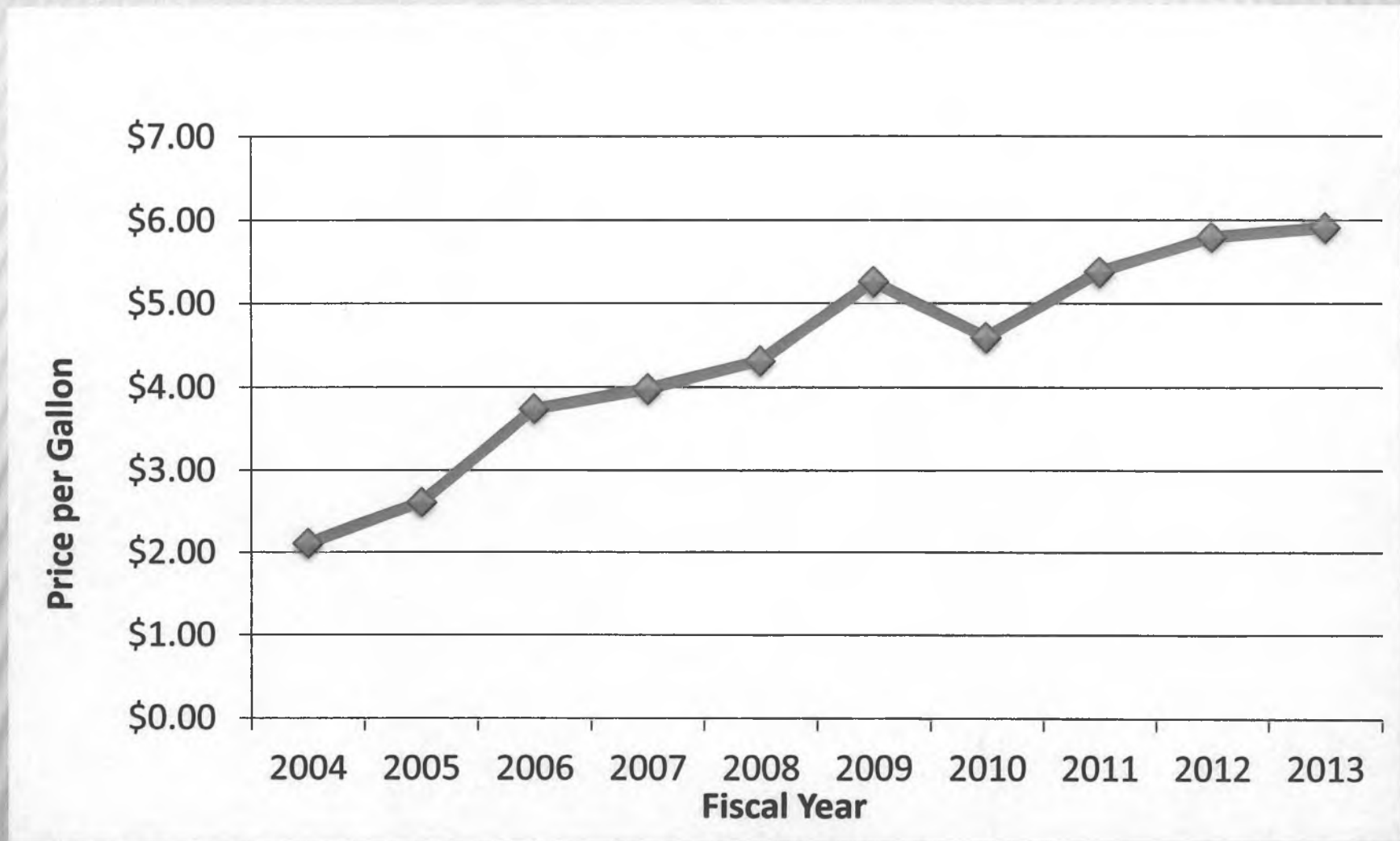
MAJOR COST DRIVERS

- × Market price of fuel – drives the cost to heat, light and transport of staff and materials to schools
- × Area of the District vs. population density
- × Lack of competition – sole source pricing for fuel and electricity
- × Operating and Maintaining teacher housing
- × Inflationary factors

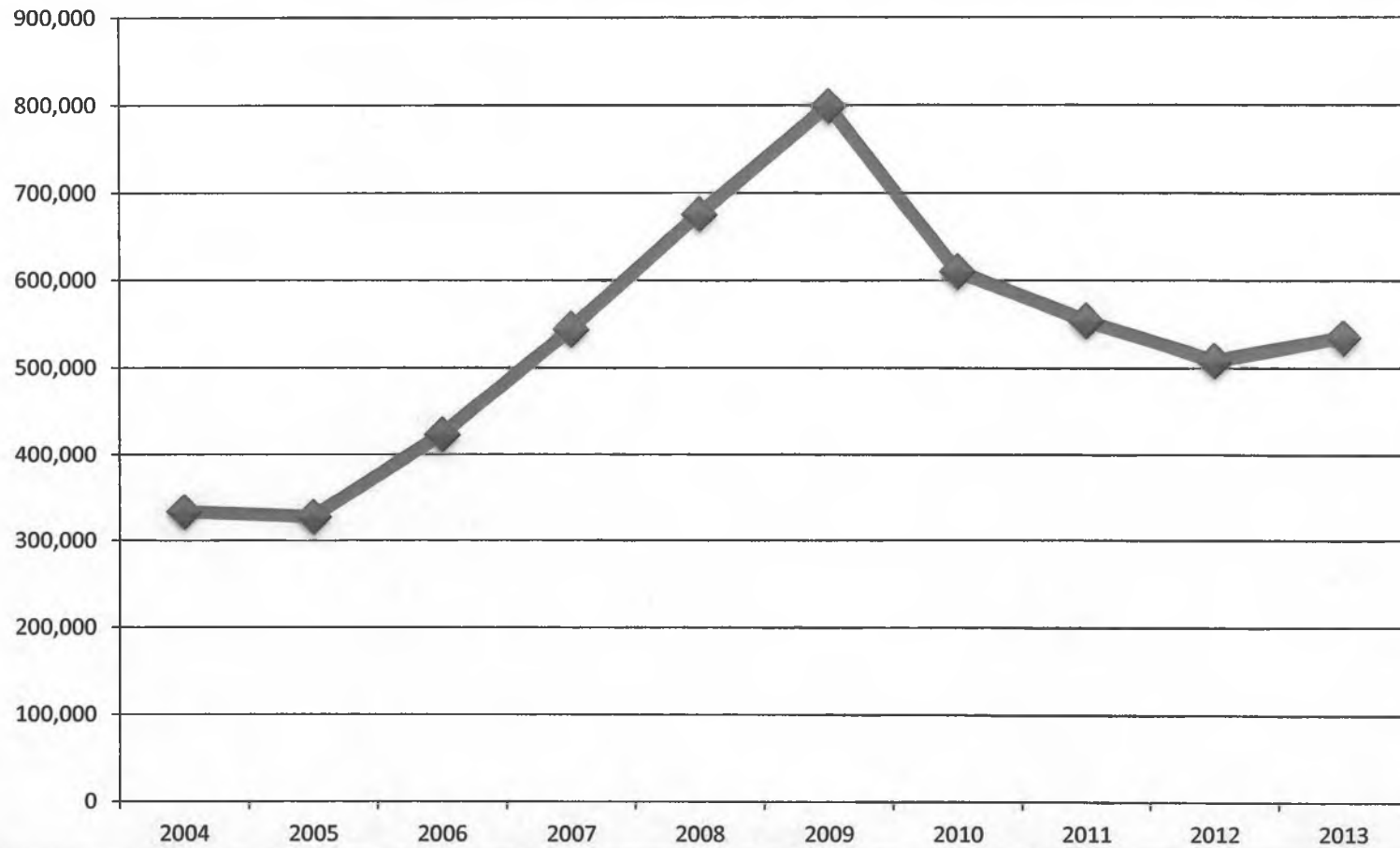
EXPENDITURES BY FUNCTION

	FY04	FY13	Change
GENERAL INSTRUCTION	\$ 3,627,522	\$ 5,441,205	\$ 1,813,683
SPECIAL EDUCATION	\$ 570,071	\$ 975,113	\$ 405,042
SPECIAL ED-SUPPORT SERV.	\$ 172,088	\$ 139,046	\$ (33,042)
SUPPORT SERVICES-PUPILS	\$ 80,637	\$ 281,290	\$ 200,653
SUPPORT SERV.-INSTRUCTION	\$ 427,160	\$ 1,491,971	\$ 1,064,811
SCHOOL ADMINISTRATION	\$ 560,721	\$ 888,011	\$ 327,290
SCHOOL ADMIN SUPPORT	\$ 59,682	\$ 59,965	\$ 283
BOARD & ADMINISTRATION	\$ 316,154	\$ 582,816	\$ 266,662
DISTRICT ADMIN SUPPORT SERV.	\$ 253,301	\$ 441,180	\$ 187,879
OPERATION AND MAINTENANCE OF PLANT	\$ 2,206,534	\$ 2,951,994	\$ 745,460
PUPIL ACTIVITIES	\$ 207,663	\$ 459,275	\$ 251,612
TRANSFERS	\$ 565,000	\$ 983,446	\$ 418,446
TOTAL EXPENDED	\$ 9,046,533	\$ 14,695,312	\$ 5,648,779

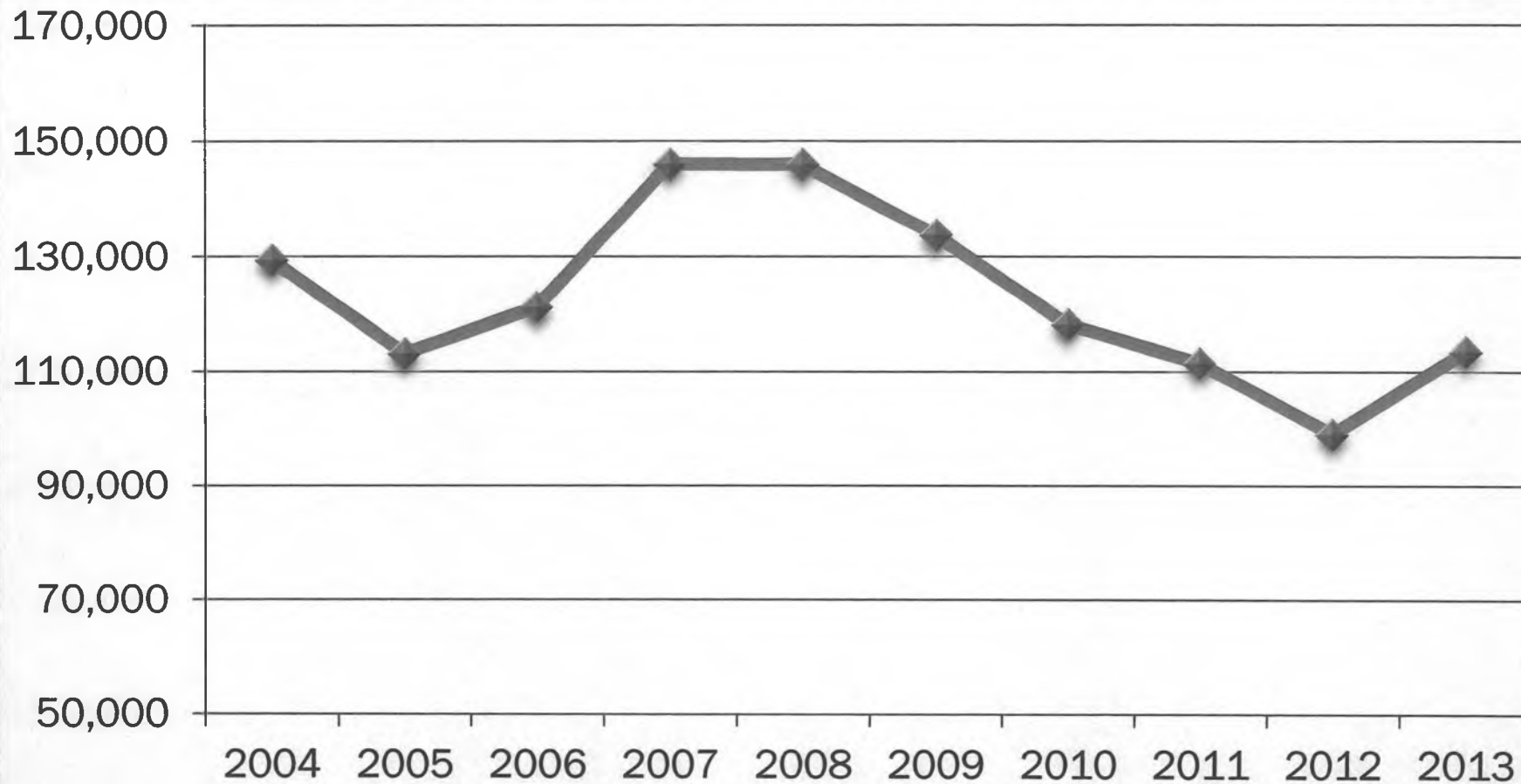
LAKE & PENINSULA SCHOOL DISTRICT AVERAGE HEATING FUEL COST PER GALLON



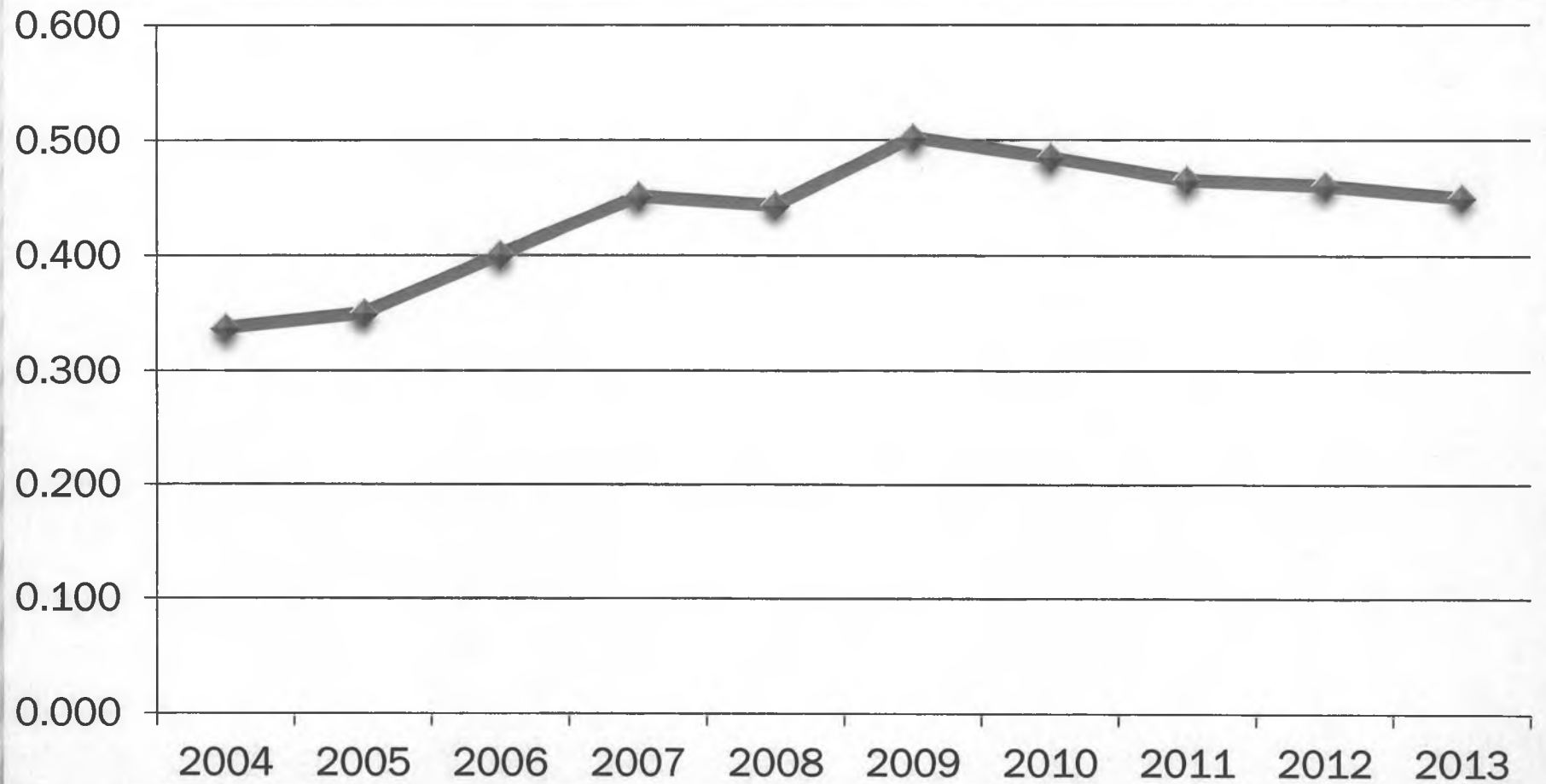
COST OF HEATING OIL



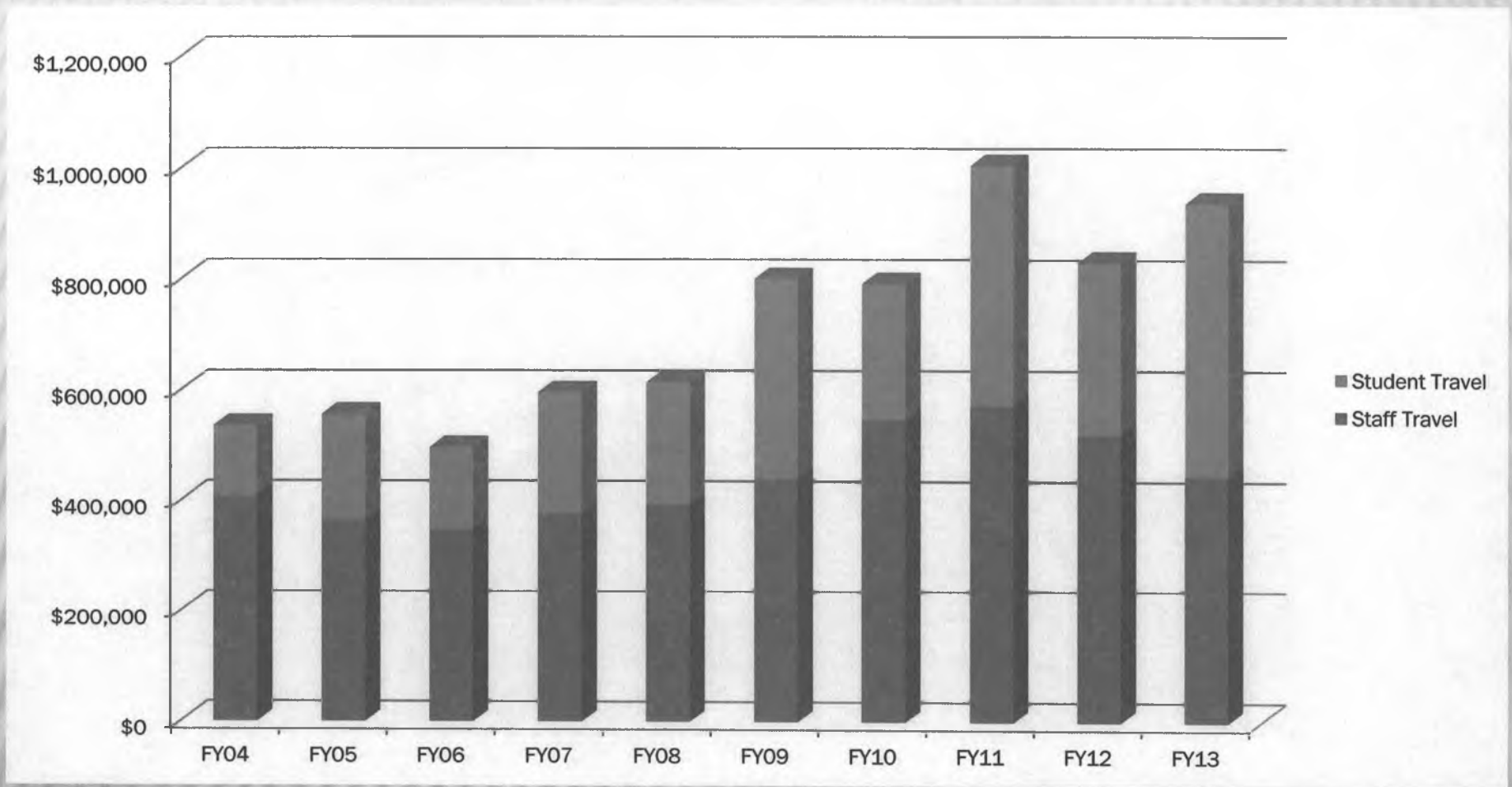
GALLONS OF HEATING FUEL USED



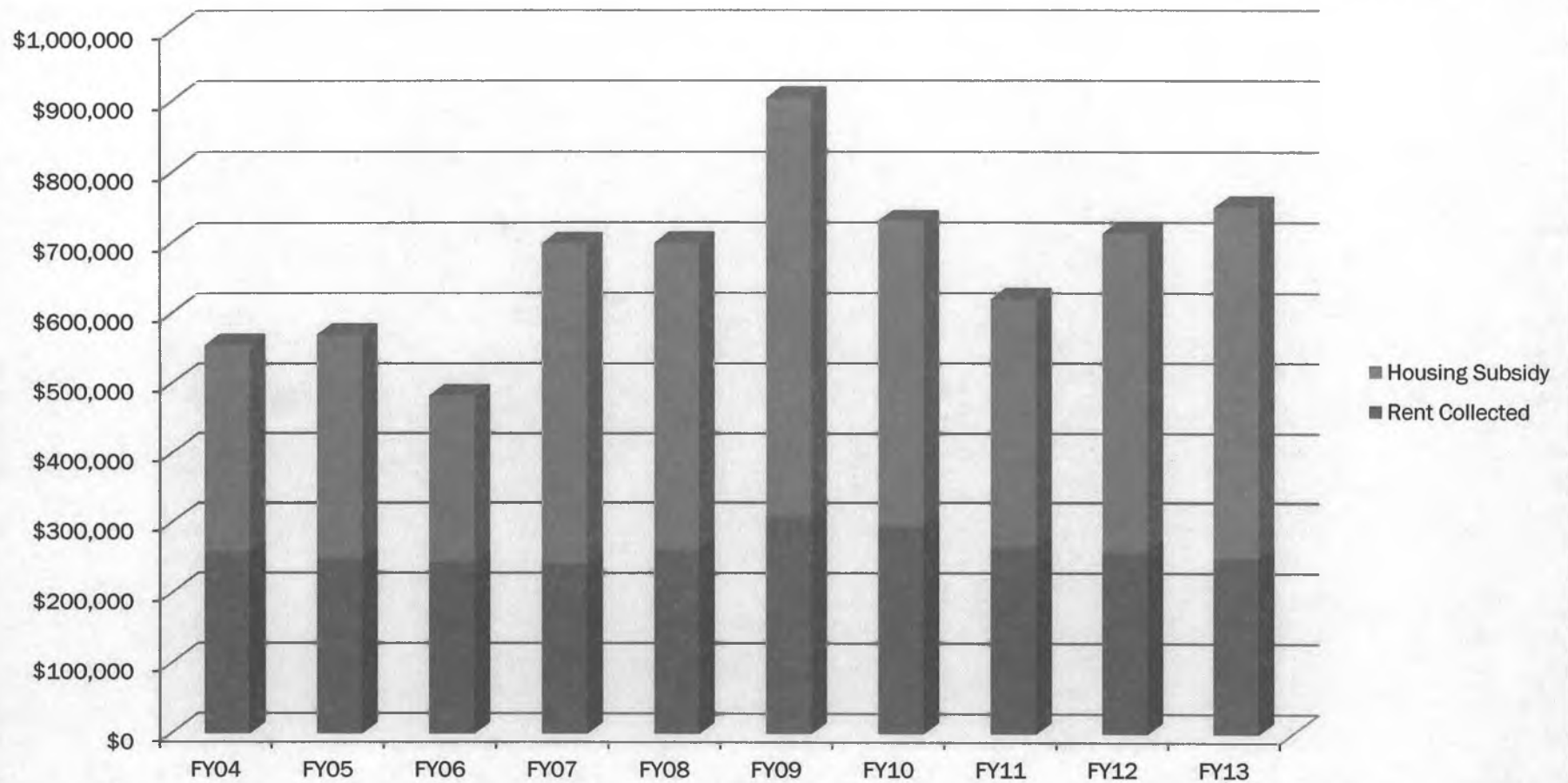
ELECTRICAL COST PER KWH



TRAVEL COSTS



COST OF TEACHER HOUSING



COST SAVING MEASURES

- × Recovery heat agreements with power utilities reduces fuel usage
- × Tazimina hydro plant excess power agreement \$0.12 power for electric boilers reduces fuel usage and keeps the cost of power low (2 schools)
- × Reduction of staff
- × Cooperative fuel purchasing with communities to reduce price per gallon
- × Energy efficiency upgrades – LED lighting, etc.
- × Overall efficiency has increased through consistent processes (housing, vehicles, travel) maintenance work smarter

STAFF REDUCTIONS

Staff	FY2004	FY2013	FY2014
District Office	17	14	13
Principals	3 Full Time 3 District office staff	5 Full Time 2 District office staff	2 Half Time 4 Full Time
Teachers	50.5	49	46.5
Counselors	2	2	2
Technology	2	2	2
Maintenance	4	3	3
Total	78.5	75	71.5

The small size of schools and diverse needs of students make it difficult to reduce staffing to less than two teachers in a school without negatively impacting student learning. Reductions in classified staff also have to be considered carefully.

CONTINUOUS COST CONTAINMENT EFFORTS

LPSD is working to reduce operating costs through building efficiencies, utilizing recovery heat and excess power

Collaborative efforts with Bristol Bay School District – joint in-service and Career and Technical Education programs

Thank you

Lake and Peninsula School District

Laura Hylton, Business Manager

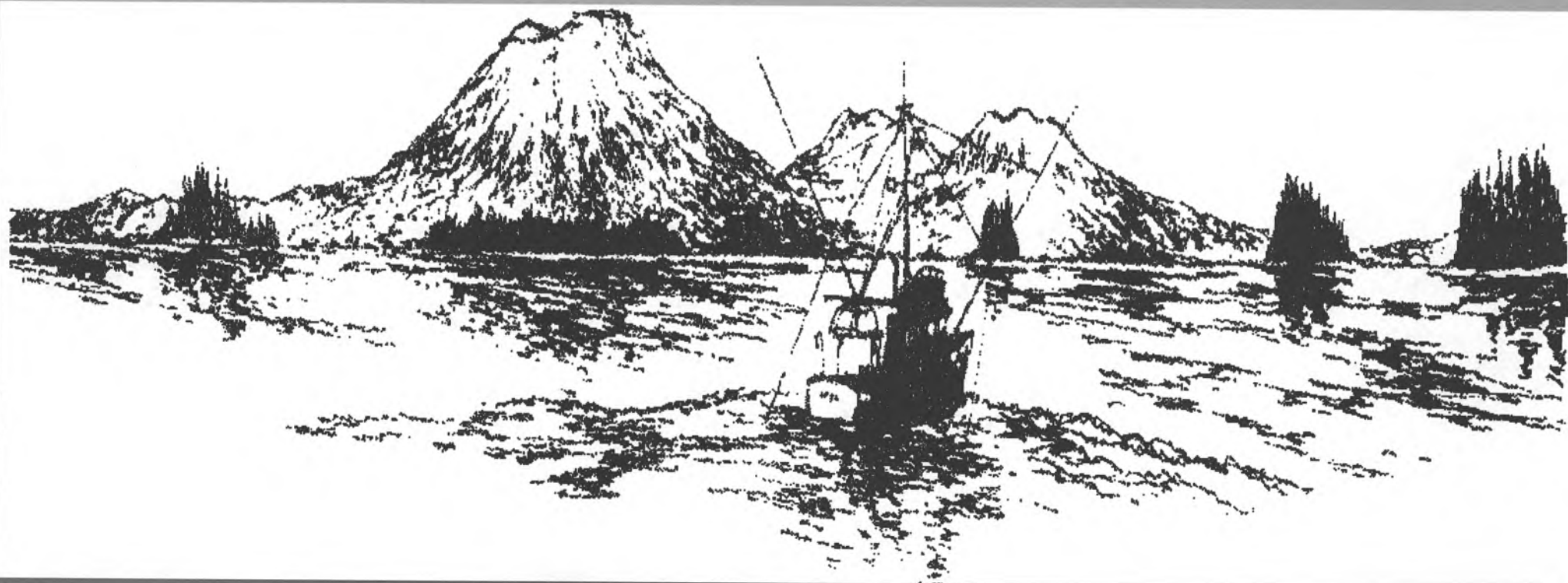
lhylton@lpsd.com 907 246-4280 dial 6 x310

Rick Luthi, Chief Operating Officer

rluthi@lpsd.com 907 246-4280 opt. 3

Sitka School District

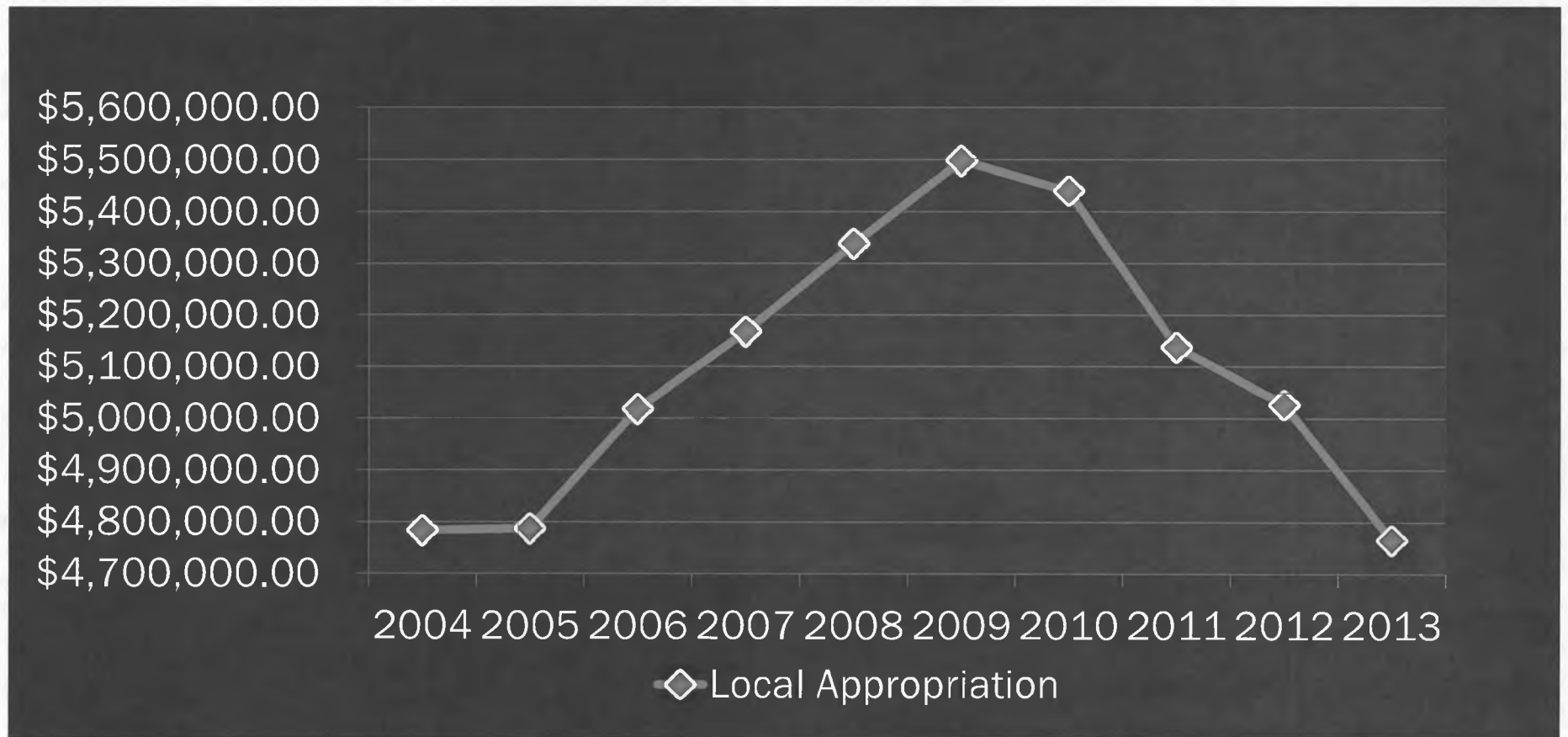
Cost of Education 2004-2013



Sitka School District Facts

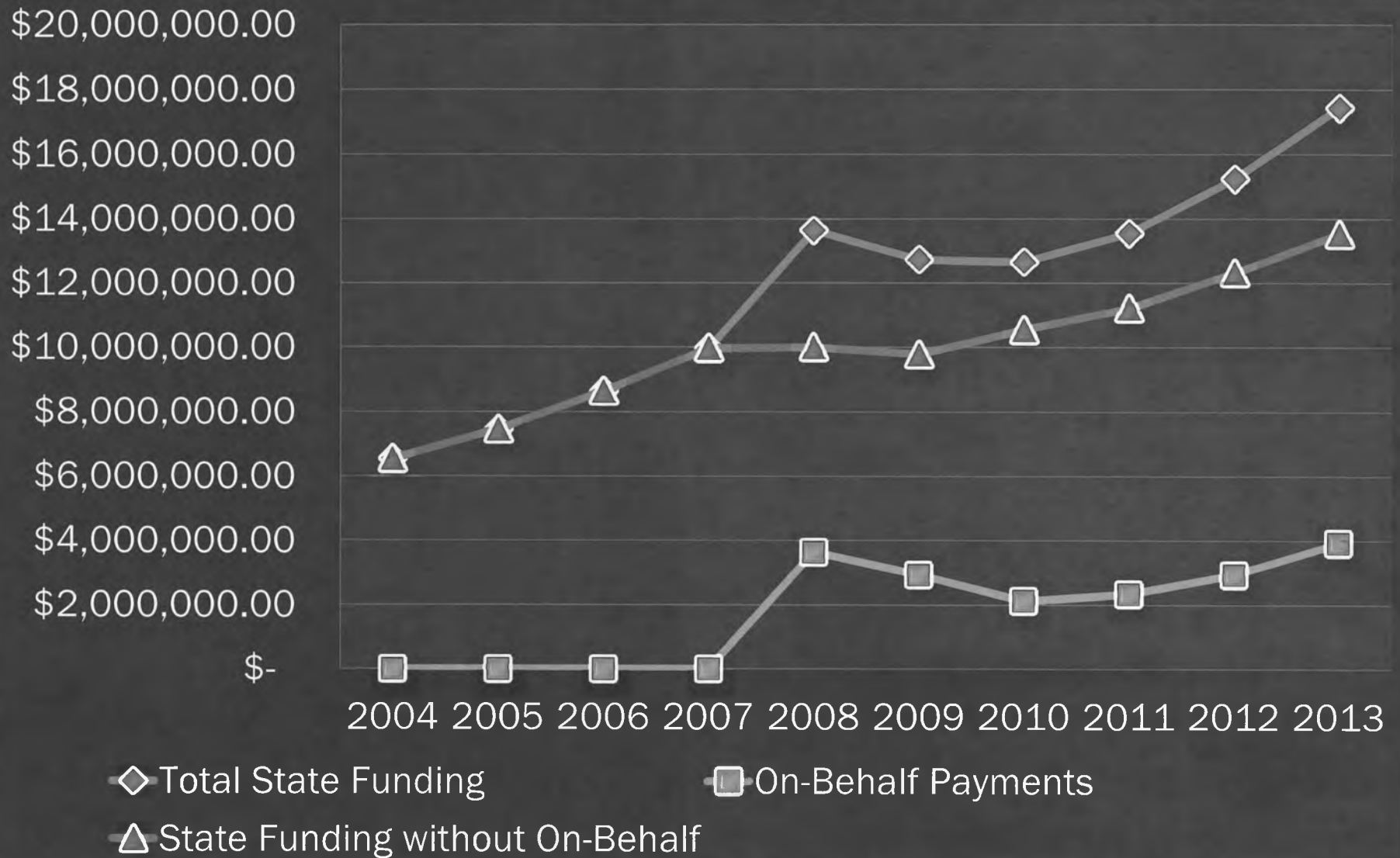
- Located in the City and Borough of Sitka
- Not on road system
- Population of 8,881 (census 2010)
- 1313 full time students
- 200 full time equivalent employees
- 5 schools (all on island)
- Major Industries:
 - Commercial Fishing
 - Tourism
 - Health Care
 - Education
 - Government Agencies

Local Appropriation



- ❖ In FY12 legislature approved new funding formula for mills for local appropriation – dropping our local appropriation and adding to State Funding.

State Funding

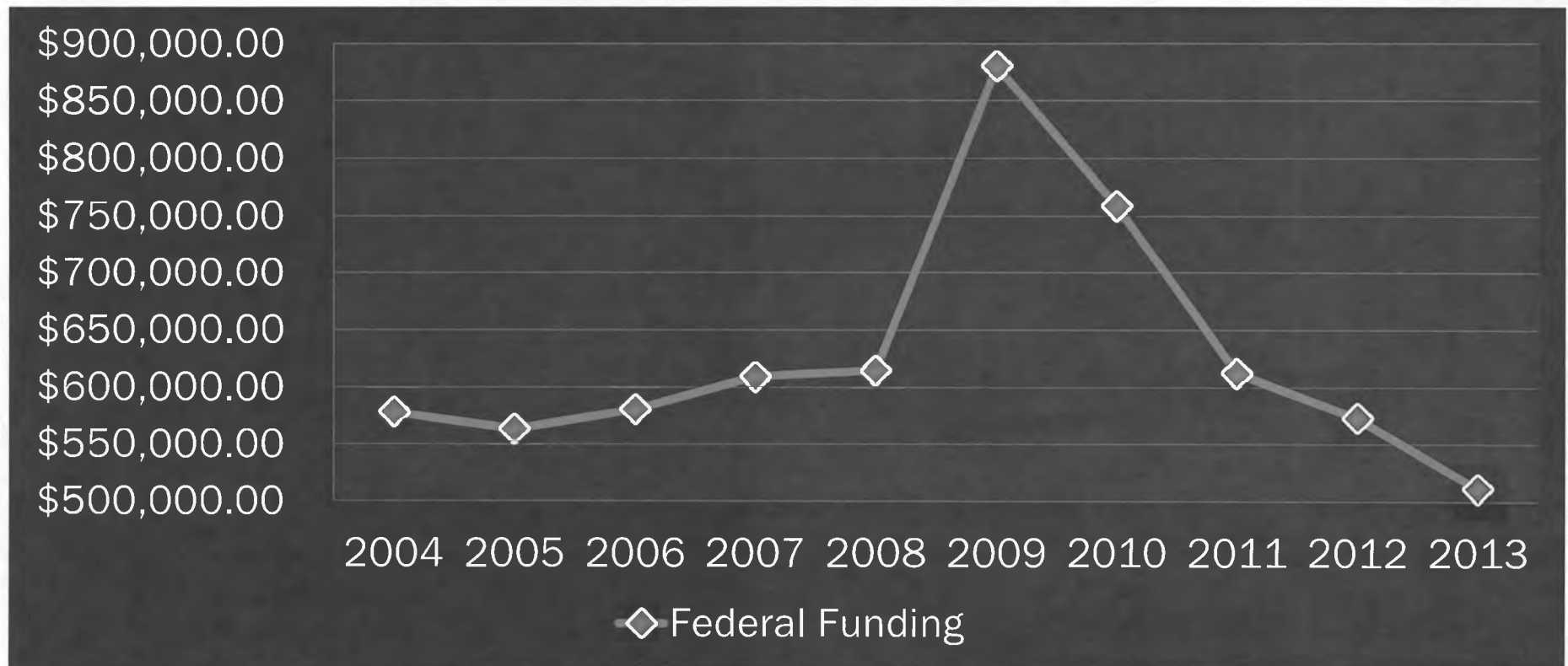


State Funding Continued

∞ State funding includes the following:

- Foundation
- Quality Schools Grant
- One – Time Funding such as Energy Funding or School Safety Funding
- PERS On-Behalf payments from State added to State Funding in FY08
- TRS On-Behalf payments from State added to State Funding in FY08
- In FY12 legislature approved new funding formula for mills for local appropriation – dropping our local appropriation and adding to State Funding.

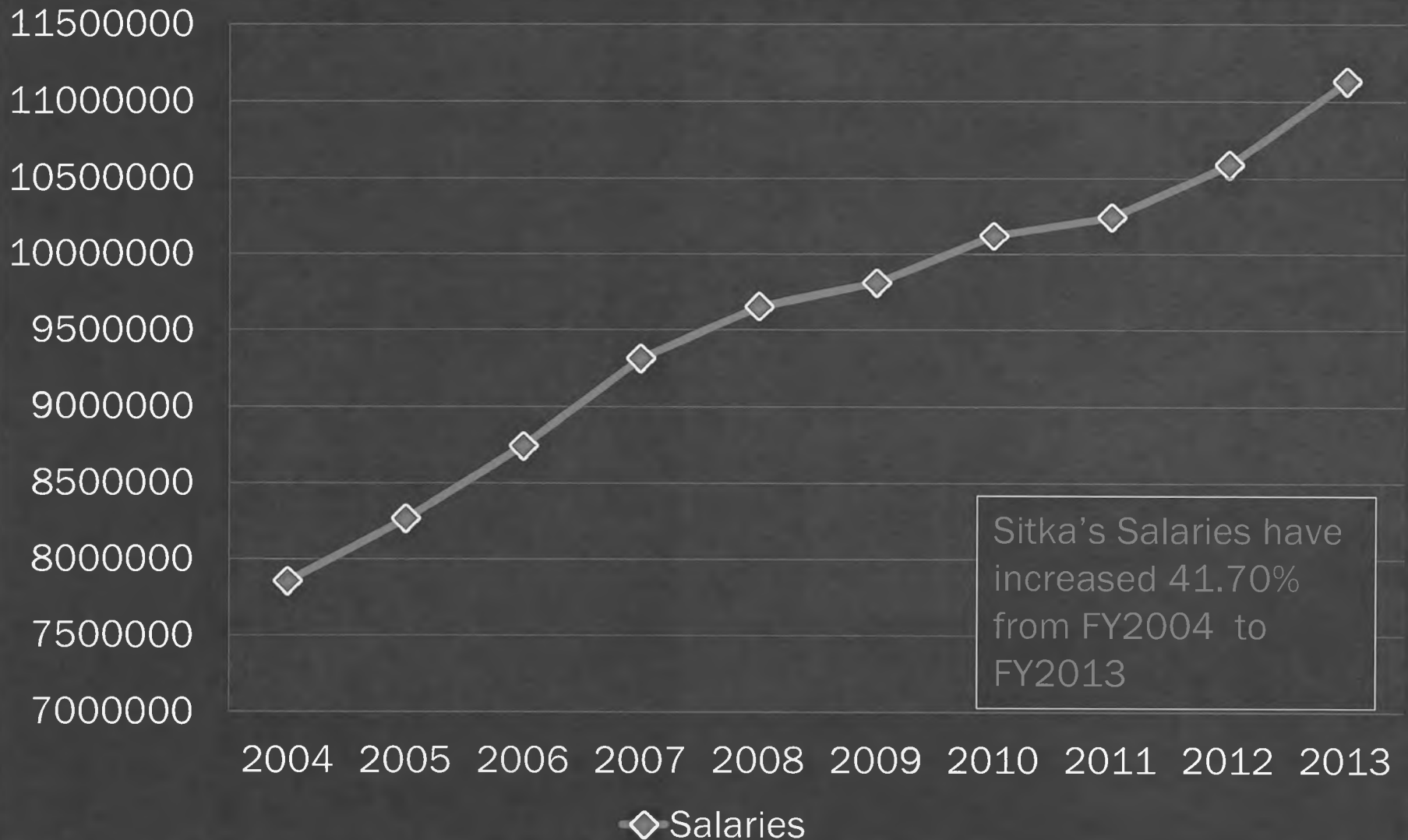
Federal Funding



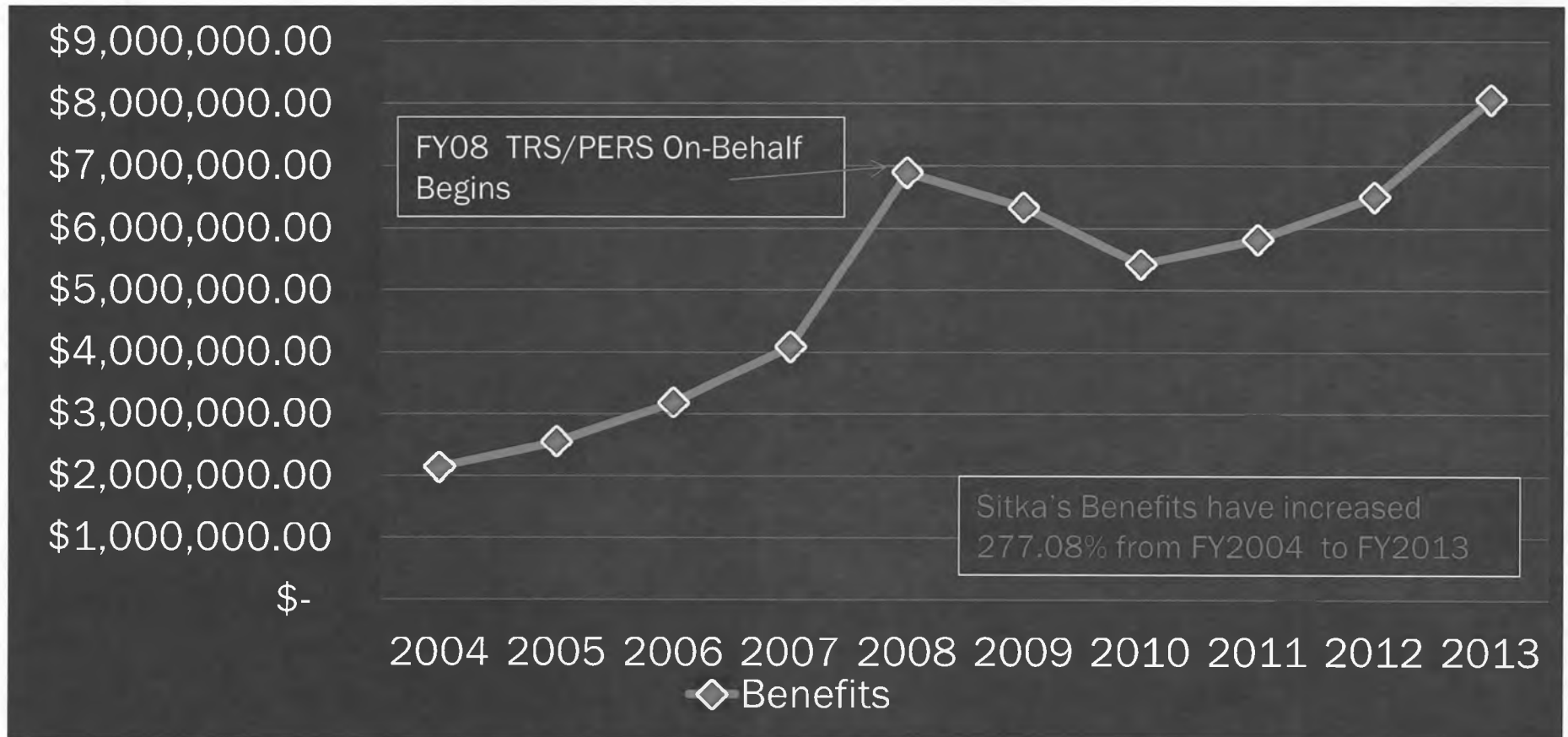
❖ Federal Funding includes the following:

- Impact Aid
- National Forest Disaster Relief – ½ of our receipts go to the city/borough
- Medicaid Survey

Sitka Expenditures - Salaries



Sitka Expenditures — Benefits



❖ Benefits include:

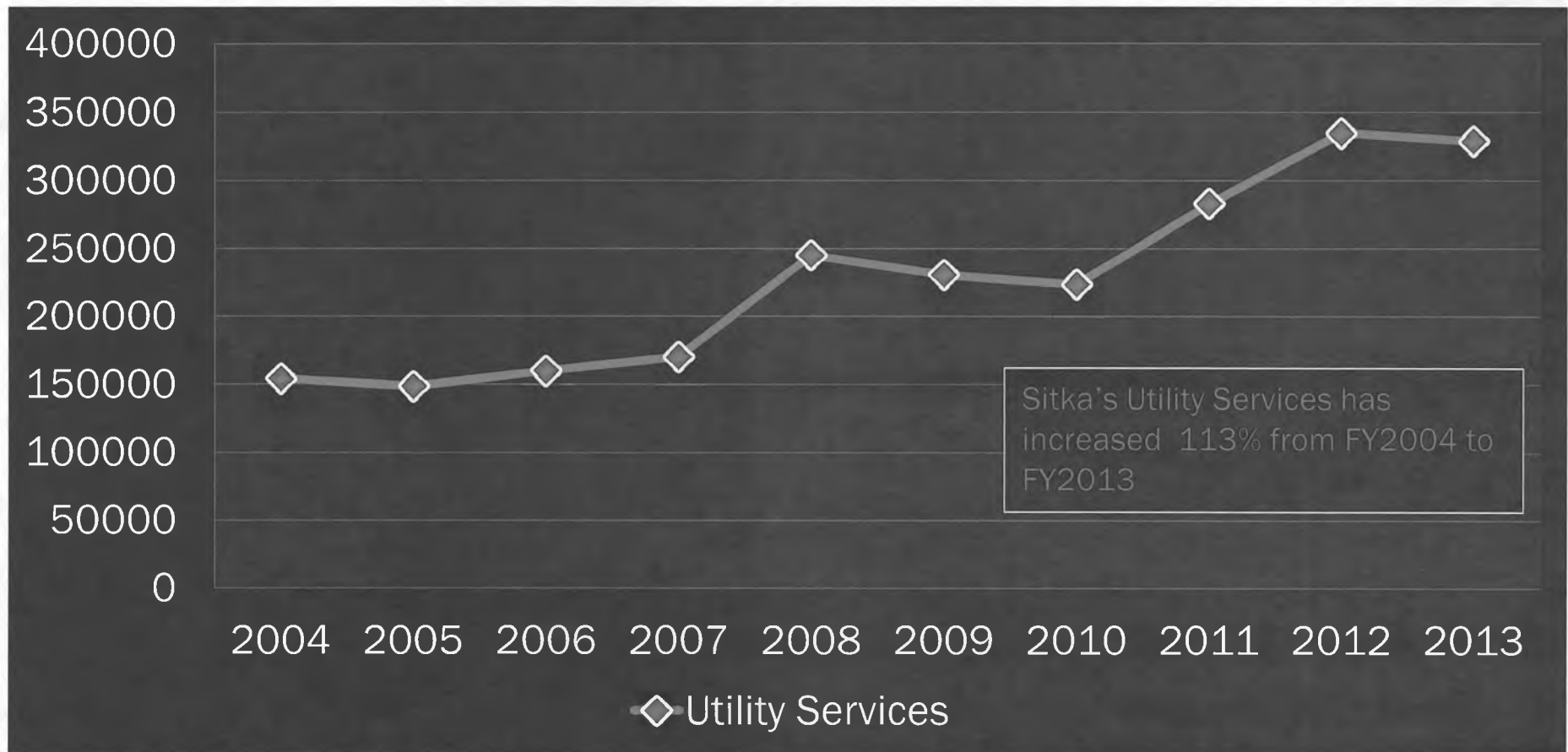
- ❖ Health Insurance
- ❖ Medicare

- ❖ TRS/PERS

- ❖ Workers' Compensation

- ❖ Supplemental Benefit System

Sitka Expenditures — Utility Services



❖ Utility Services is as follows per the Chart of Accounts from EED:

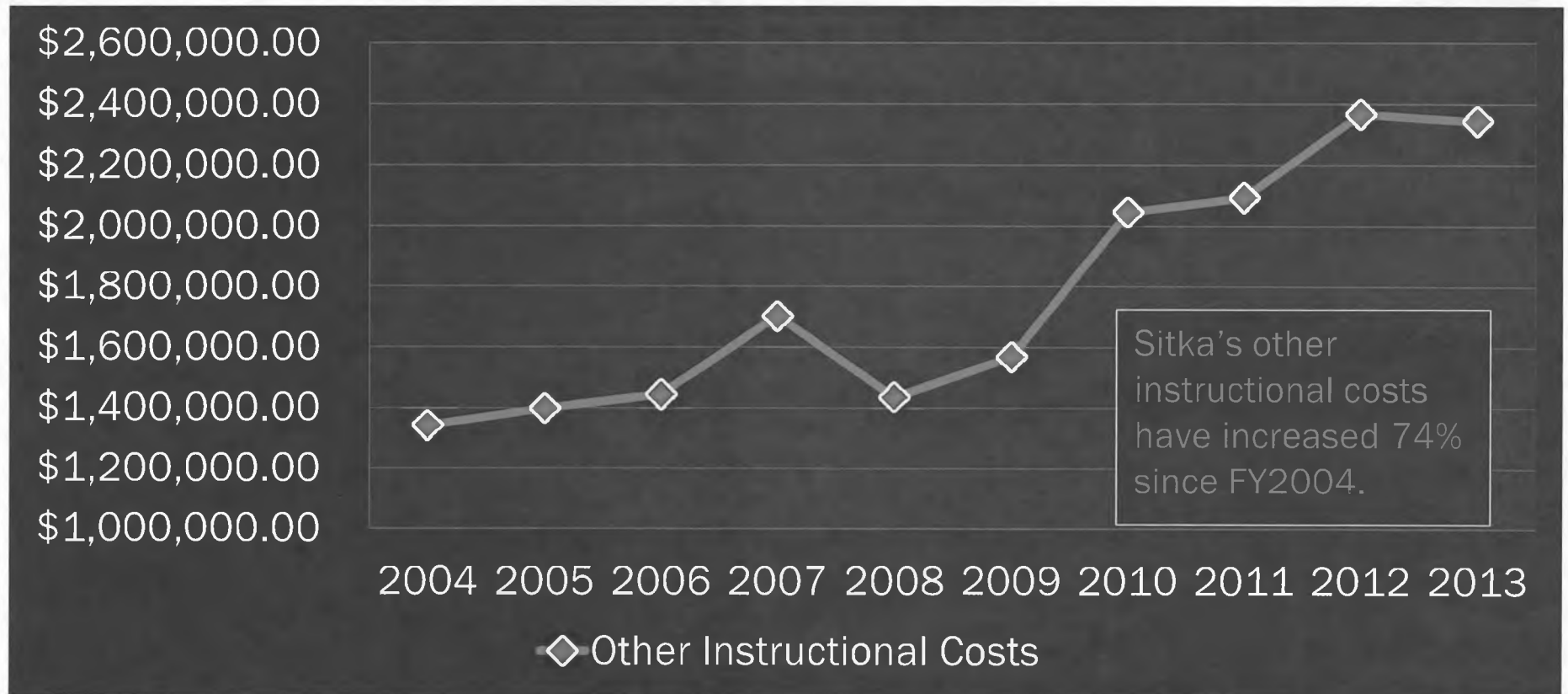
- ❖ Water, Garbage, & Sewer
- ❖ Communications such as Internet, Telecommunications, & Cell Phones

Sitka Expenditures - Energy



- Energy includes the following per the Chart of Accounts:
 - Heating Fuel
 - Heating Electricity
 - Electricity

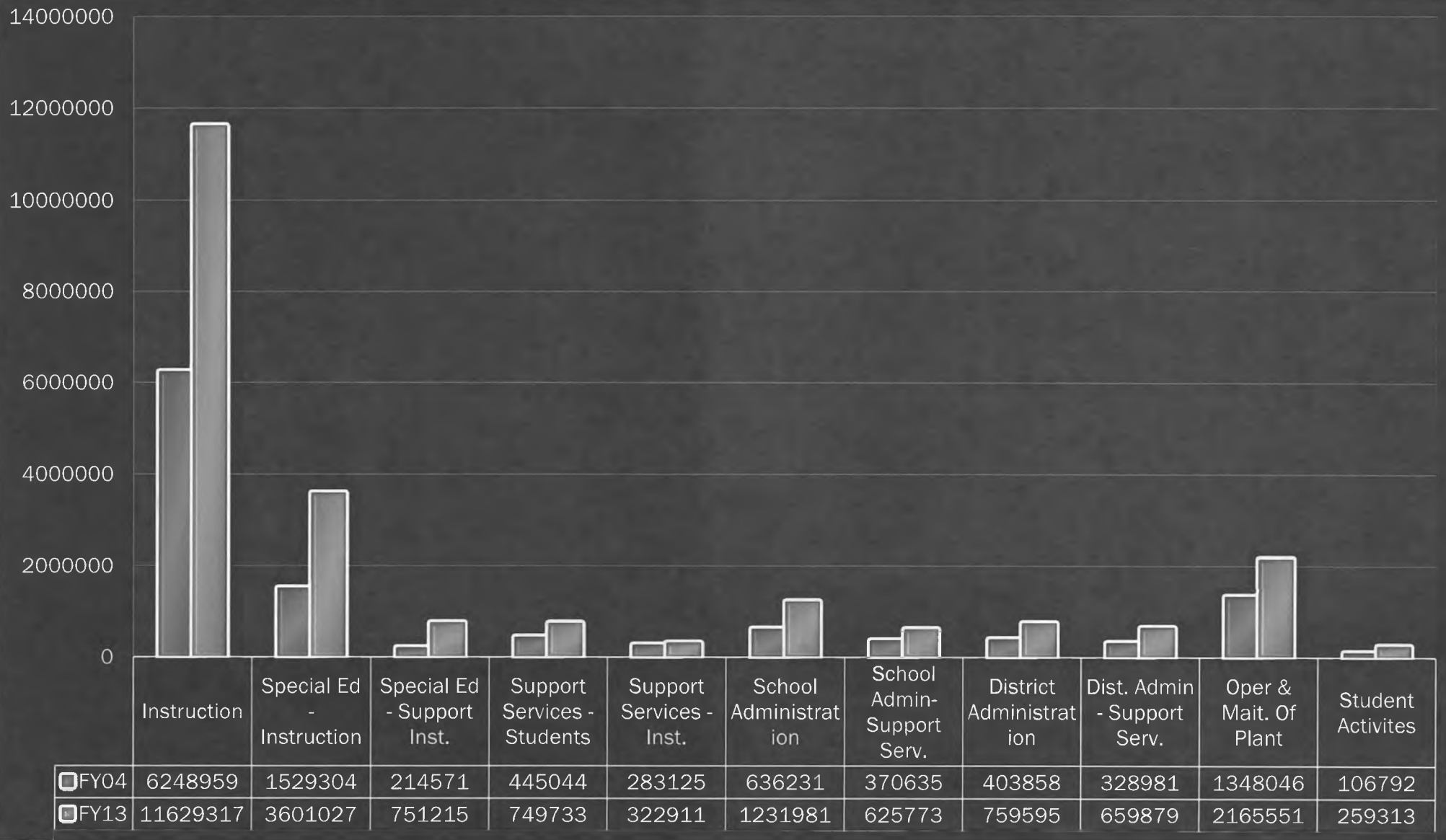
Sitka Expenditures — Other Instructional Costs



❖ Other Instructional Costs include the following:

- ❖ Professional/Technical Services
- ❖ Insurance and Bond Premiums
- ❖ Staff/Student Travel
- ❖ Supplies, Media, and Materials
- ❖ Other Purchased Services
- ❖ Other Expense
- ❖ Equipment

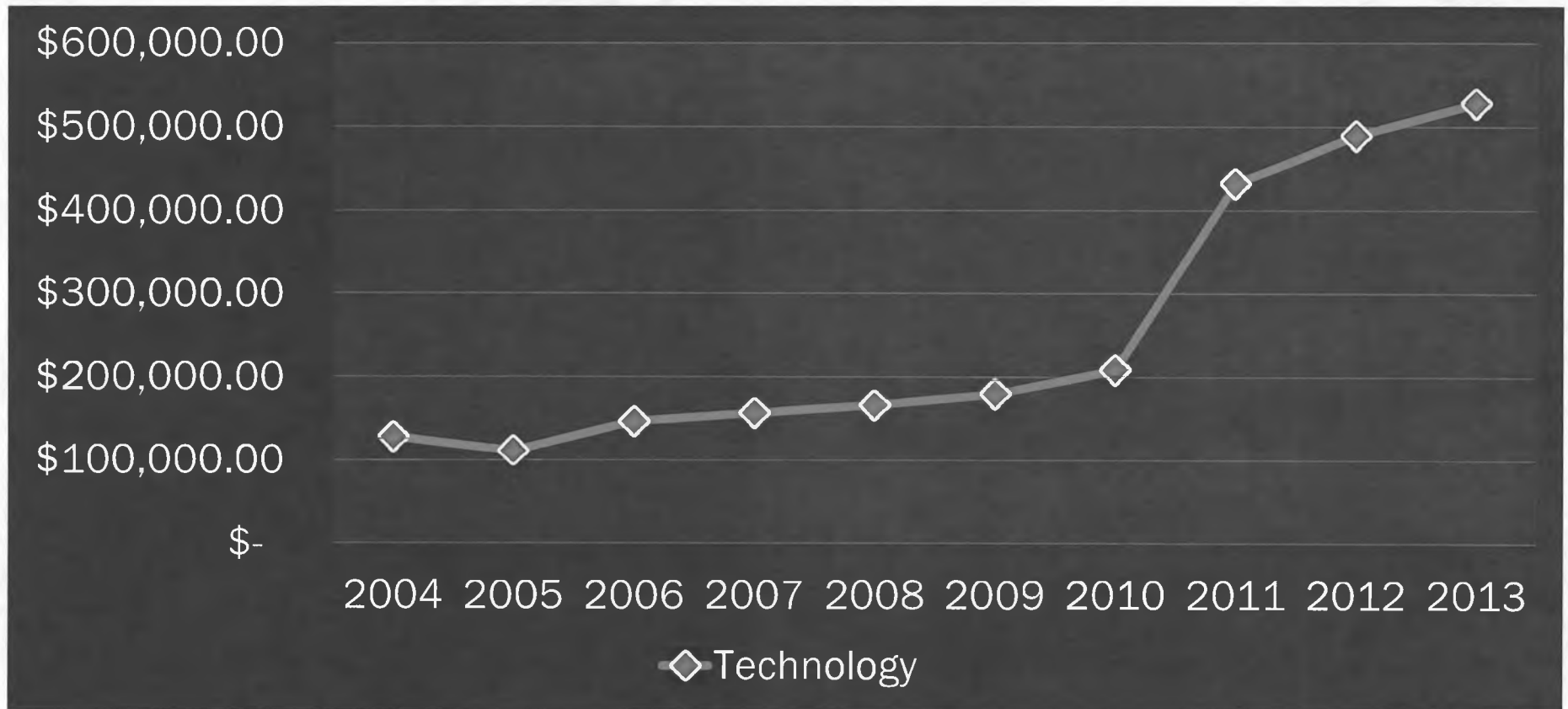
Expenditure Analysis — Expenses by Function



Expenditure Analysis — Special Education

Fiscal Year	# of Intensive Students	# of SPED Teachers	# of SPED Paraprofessionals	Total Amount of Sped Expenditures
2004	22	20	16	\$1,743,875
2005	24	21	17	\$1,985,567
2006	23	22	18	\$2,370,996
2007	36	24	25	\$2,855,660
2008*	35	22	28	\$3,554,467
2009	36	22	32	\$3,555,882
2010	32	25	29	\$3,575,243
2011	34	22	34	\$3,487,073
2012	37	21	39	\$3,829,113
2013	42	22	40	\$4,352,242
FY08 – PERS/TRS On-Behalf Began			Increase from FY04 to FY13	<u>150%</u>

Expenditure Analysis - Technology

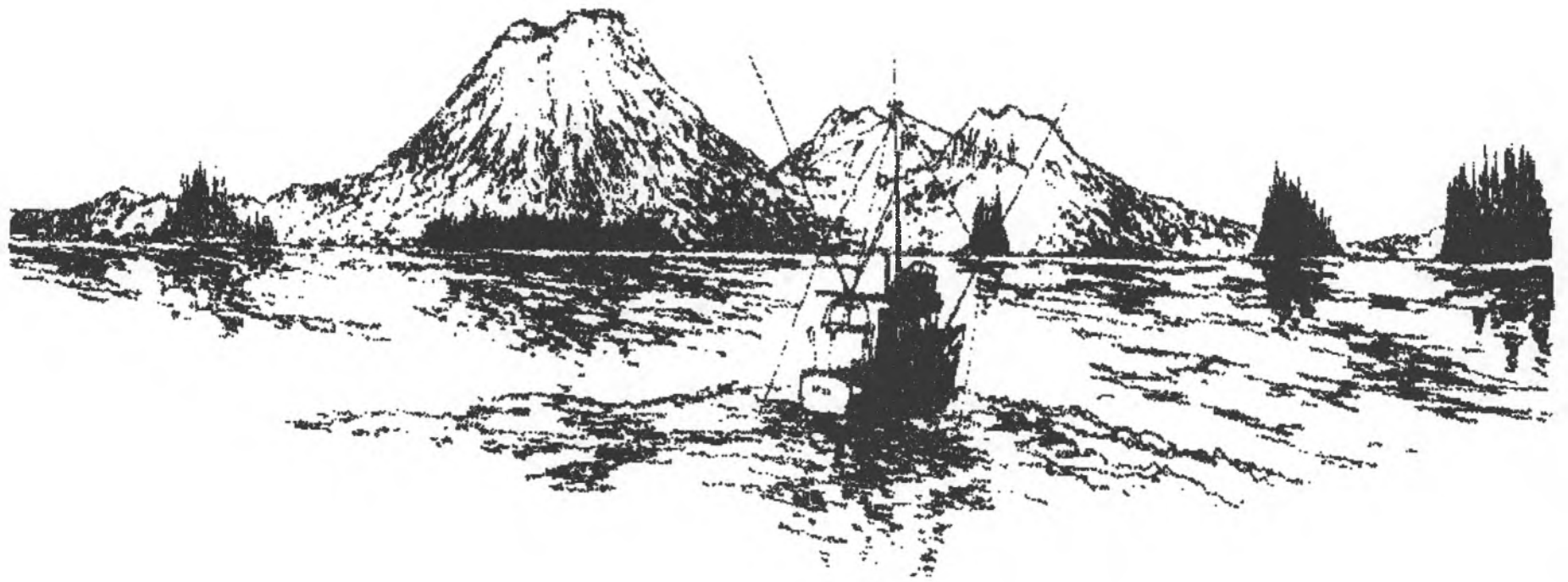


- ❖ In FY2011, Sitka School District implemented a renewal and replacement plan to keep the school district up to date with current technology in the classroom.

Expenditure Analysis — Special Items

- ∞ The Sitka School District has a few special items that we work with each year:
 - Custodial Services are not in-house, they are out-sourced through a local company in Sitka. We have had the custodial services contract since 1999.
 - Food Services is also not in-house, they are our-sourced through a local company in Sitka also. We have had the food services contract since 1995.

Thank You!



Nenana Community Schools
 10 (Plus 1 Future) Year Financial Summary - School Operating and Residential Program Fund
 FY 2014 to FY 2004

	Fiscal Year 2014 Budget	Fiscal Year 2013 Unaudited	Fiscal Year 2012 Actual	Fiscal Year 2011 Actual	Fiscal Year 2010 Actual	Fiscal Year 2009 Actual	Fiscal Year 2008 Actual	Fiscal Year 2007 Actual	Fiscal Year 2006 Actual	Fiscal Year 2005 Actual	Fiscal Year 2004 Actual
Student Count ADM	925	955	948	1063	969	1002	888	601	686	716	931
School Operating and Residential Program Fund											
Revenue	\$ 8,299,744	\$ 8,668,132	\$ 8,107,699	\$ 7,995,514	\$ 7,439,467	\$ 7,548,854	\$ 7,423,723	\$ 5,200,825	\$ 5,285,478	\$ 4,727,511	\$ 5,000,333
Expenditures											
Instruction Functions 100 to 400 (Excluding function 200 below)	5,534,495	5,702,332	5,498,343	5,214,442	4,981,896	4,933,964	4,179,680	3,802,230	3,411,742	3,422,060	2,536,163
Special Education Function 200	608,905	710,795	598,054	529,783	497,484	445,863	595,141	341,224	309,050	300,895	102,719
Percentage of function 100 to 400	74%	75%	74%	73%	74%	75%	74%	71%	70%	71%	64%
Support Functions 450 to 550	935,549	890,434	860,683	865,956	788,082	646,706	651,045	687,414	551,295	514,283	685,981
Maintenance and Operation Function 600	1,033,525	1,087,943	1,185,851	1,115,207	1,054,199	985,797	897,237	908,063	999,376	914,802	759,631
Student Activities Function 700	139,627	199,238	138,761	141,839	129,848	139,426	115,210	135,676	72,916	92,674	50,244
Transfer to other funds (net)	111,970	112,735	145,376	143,198	93,765	111,351	(24,440)	74,623	70,566	33,180	85,979
Total Expenditures	8,364,071	8,703,477	8,427,068	8,010,425	7,545,274	7,263,107	6,413,873	5,949,230	5,414,945	5,277,894	4,220,717
Net change in fund balance	\$ (64,327)	\$ (35,345)	\$ (319,369)	\$ (14,911)	\$ (105,807)	\$ 285,747	1,009,850	(748,405)	(129,467)	(550,383)	779,616
Beginning fund balance	7,704	43,049	362,418	377,329	483,136	153,793	(856,057)	(107,652)	21,815	572,198	(207,418)
Ending fund balance	\$ (56,623)	\$ 7,704	\$ 43,049	\$ 362,418	\$ 377,329	\$ 439,540	\$ 153,793	\$ (856,057)	\$ (107,652)	\$ 21,815	\$ 572,198
Total expenditures other governmental funds	\$ 1,500,000	\$ 1,056,490	\$ 1,013,751	\$ 1,155,728	\$ 1,753,413	\$ 1,380,221	\$ 1,080,359	\$ 1,849,118	\$ 2,692,185	\$ 2,984,423	\$ 3,052,215

Nenana C blic Schools
 10 (Plus 1 Future) Year Financial Summary - School Operating and Residential Program Fund
 FY 2014 to FY 2004

	<u>Fiscal Year 2014</u>	<u>Fiscal Year 2013</u>	<u>Fiscal Year 2012</u>	<u>Fiscal Year 2011</u>	<u>Fiscal Year 2010</u>	<u>Fiscal Year 2009</u>	<u>Fiscal Year 2008</u>	<u>Fiscal Year 2007</u>	<u>Fiscal Year 2006</u>	<u>Fiscal Year 2005</u>	<u>Fiscal Year 2004</u>
Other Data											
(% change 2004 to 2013)											
CPI-U Inflation Index 24%		230.3	226.6	220.2	216.7	211.1	211.1	202.4	198.3	190.7	185.2
Anchorage CPI-U Inflation Index 22%		205.5	204.1	200.0	193.6	191.9	190.6	183.0	178.0	174.1	168.7
Teacher Salary											
Base teacher salary	43,539	43,539	42,270	41,040	39,904	38,369	36,893	36,528	35,812	33,759	33,759
Top teacher salary	80,333	80,333	77,993	75,722	73,836	70,996	68,266	67,590	66,264	58,315	58,315
Average teacher salary 36%		64,894	60,910	60,385	57,404	57,404	53,277	50,893	51,154	45,523	47,625
Personnel Full Time Equivalent (FTE)	57	61	63	56	57	55	52	67	59		

