

# **State of Alaska FY2003 Governor's Operating Budget**

## **Department of Education and Early Development Education Support Services Budget Request Unit Budget Summary**

## **Education Support Services Budget Request Unit**

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### **BRU Mission**

To provide support services to departmental programs and the operation of public schools.

### **BRU Services Provided**

Administrative Services provides services to the department in payroll, personnel, training, budget preparation and implementation, federal and state reporting, accounting, procurement and contracting.

Information Services provides research, maintenance, training and overall support for the department's Local Area Network, and PC's.

District Support Services manages the distribution of public school foundation, tuition, boarding home, and pupil transportation program funds through the collection, analysis and aggregation of data.

Educational Facilities Support provides oversight for the statewide school construction program.

### **BRU Goals and Strategies**

1. Provide timely and accurate financial management services
  - \* Budget preparation and implementation
  - \* Revenue collection
  - \* Federal and state reporting
  - \* Process and certify payments
  - \* Grant awards
  - \* Reimbursable services agreements
2. Provide timely and accurate personnel/payroll services
  - \* Payroll
  - \* Recruitment
  - \* Training
3. Provide purchasing and procurement services within state and federal requirements
  - \* Purchasing of supplies
  - \* Contracting for professional services
  - \* Inventory and leasing
  - \* Mail services
4. Provide reliable, efficient computing resources
5. Provide timely and accurate payments to school districts
6. Secure an adequate level of funding to meet school districts' school construction and major maintenance needs

### **Key BRU Issues for FY2002 – 2003**

Continuing to improve service delivery in support of department programs.

- \* improving the annual ranking process for capital project and bond reimbursement requests.
- \* developing school construction standards.
- \* securing a long-term stable source of funding for school construction and major maintenance projects.

## Major BRU Accomplishments in 2001

- \* Maintained timely and accurate financial management services
- \* Conducted quarterly division staff/training meetings
- \* Provided professional level procurement services
- \* Maintained high level of timely and accurate payroll services
- \* Provided training opportunities for managers, supervisors and employees
- \* Developed performance standards and measures for employees
- \* Completed annual CIP prioritized list in accordance with statute

## Key Performance Measures for FY2003

### Measure:

the number of late penalties for payroll or vendor payments;  
Sec 52(b)(1) Ch 90, SLA 2001(HB 250)

### Alaska's Target & Progress:

There were no penalty payments for payroll or vendor payments in FY2001.

### Benchmark Comparisons:

| Penalty Payments | FY2000 | FY2001 |
|------------------|--------|--------|
| Payroll          | 0      | 0      |
| Vendor           | 0      | 0      |

### Background and Strategies:

The Division of Education and Support Services monitors payroll and vendor payments very carefully. Staff is held to performance standards requiring accurate and timely certification of payroll and payment of invoices within a five-day turnaround time.

### Measure:

the cost of administrative services personnel compared to the total personnel costs for the department;  
Sec 52(b)(2) Ch 90, SLA 2001(HB 250)

### Alaska's Target & Progress:

FY2002 Personal Services costs totaled \$27,569,400. Administrative Services personnel costs were \$960,800 or 3.5%.

### Benchmark Comparisons:

#### Personal Services Costs

|                         | FY2001<br>Authorized | FY2002<br>Authorized |
|-------------------------|----------------------|----------------------|
| Department              | 26,057.5             | 27,569.4             |
| Administrative Services | 990.0                | 960.8                |
| %                       | 3.8%                 | 3.5%                 |

### Background and Strategies:

The data used is the FY2002 authorized appropriated amounts for personal services. The department had 373 full time and 114 part time positions approved by the Conference Committee. Administrative Services has 17 full time positions.

**Measure:**

the number of department decisions on the annual school construction and major maintenance lists upheld by the State Board of Education and Early Development compared to the number of appeals;  
Sec 52(b)(3) Ch 90 SLA 2001(HB 250)

**Alaska's Target & Progress:**

No appeals were filed for the prior year ranking.

The department issues the prioritized school construction and major maintenance lists on November 5, as required by statute. There is a period of reconsideration where school districts may ask the department to review the scoring decisions. A new list is issued on December 15 based on the reconsideration. School districts may choose to appeal the department's decision and a hearing officer is appointed to consider any appeals.

**Benchmark Comparisons:**

|                           | FY01 CIP<br>List | FY02 CIP<br>List |
|---------------------------|------------------|------------------|
| Number of Appeal Hearings | 1                | 0                |
| Upheld by Board           | 1                | 0                |

**Background and Strategies:**

Ongoing efforts to improve the consistency and validity of the rating process have reduced the number of formal CIP appeals. The department annually provides training to school districts in preparing the CIP applications, which has contributed significantly to the quality of the application process.

**Measure:**

the percentage of school districts meeting the minimum expenditure for instruction.  
Sec 52(b)(4) Ch 90, SLA 2001(HB 250)

**Alaska's Target & Progress:**

In FY2002, 24 of 53 school districts met the 70% minimum expenditure for instruction requirement based on their approved budgets. 29 school districts requested and received a waiver of the requirement from the State Board of Education and Early Development in accordance with AS 14.17.520(d).

**Benchmark Comparisons:**

In 1998 the legislature passed the new public school funding formula. The law includes a requirement for school districts to spend 70% of the school operating fund on instruction. The 70% requirement is in law at AS 14.17.520 and was phased in over a three-year period beginning with FY99. The minimum expenditure for instruction requirement was 60% in FY99, 65% in FY2000, and 70% in FY2001 and thereafter. Concurrently, the districts and department were required to improve statewide comparability and consistency in data reporting.

- The financial information in the FY2002 budgets, including the instructional percentages, will provide a baseline for comparative data in future years now that the implementation period and corresponding changes to data collection have been completed.

The minimum instructional expenditure law has been implemented through the three-year phase in FY99, FY00, and FY01 to the required 70% minimum on instruction. Implementation also included an emphasis on uniform expenditure classifications in order to improve statewide comparability and consistency in data reporting. A revised statewide school district chart of accounts is effective starting FY2002. This chart of account revision reflects three years of working towards increased uniform data in statewide reporting. The emphasis on collection of uniform data also brought about two changes in regulation affecting the instructional component; in FY2001 School Administration was included in instruction and in FY2002 School Administration-Support was broken out and support staff are no longer included in instruction. The 29 waivers in FY2002 are calculated under the fully revised regulations and chart of accounts, and incorporate three years of budget review and increased accuracy in financial reporting.

- Statewide the districts have shown continued improvement towards directing revenues towards instruction. In FY99 only eight districts budgeted 70% on instruction, this year 24 districts have budgeted 70% on instruction.

The increase in the number of waivers represents the implementation period and includes changes to data collection and comparability from one year to the next.

On an individual basis 49 of the 53 school districts have increased the instructional percentage since FY99. Of the four that have not shown an increase two were affected by data reporting requirements and two are small districts with declining enrollments.

**Background and Strategies:**

Districts have reported progress towards the 70% for instruction by reducing non-instructional staff and cutting back on other non-instructional expenditures.

- The department has focused on the administrative categories and with the new detail now provided from the revised chart of accounts the department will also focus on operations and maintenance.

The department's internal auditors review the individual districts twice a year; one budget review and one financial statement review. The reviews encompass a wide range of items and include individual correspondence to each district regarding expenditures.

The following table titled "Minimum Expenditure for Instruction Summary" illustrates the districts meeting this requirement since its inception in FY99.

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## Minimum Expenditure for Instruction Summary

|                              | 60%<br>Instructional<br>Percentage<br>FY 1999<br>Budget | 60%<br>Instructional<br>Percentage<br>FY 1999<br>Financial<br>Statement | 65%<br>Instructional<br>Percentage<br>FY 2000<br>Budget | 65%<br>Instructional<br>Percentage<br>FY 2000<br>Financial<br>Statement | 70%<br>Instructional<br>Percentage<br>FY 2001<br>Budget | 70%<br>Instructional<br>Percentage<br>FY 2002<br>Budget |
|------------------------------|---|---|---|---|---|---|
| Alaska Gateway               | 62%   | 63%   | 65%   | 68%   | 69%   | 65%   |
| Aleutian Region              | <b>56</b>   | 62  | <b>62</b>   | 62  | <b>65</b>   | <b>67</b>   |
| Aleutians East Borough       | <b>50</b>   | 58  | <b>64</b>   | 62  | <b>69</b>   | <b>67</b>   |
| Anchorage                    | 75  | 72  | 74  | 72  | 81  | 78  |
| Annette Island               | 65  | 63  | 65  | <b>57</b>   | <b>69</b>   | <b>61</b>   |
| Bering Strait                | 61  | 63  | 65  | 65  | 70  | 70  |
| Bristol Bay Borough          | 64  | 65  | 65  | 65  | <b>69</b>   | <b>69</b>   |
| Chatham                      | 75  | 70  | 67  | <b>64</b>   | <b>68</b>   | <b>69</b>   |
| Chugach                      | 67  | 75  | 70  | 76  | 72  | 74  |
| Copper River                 | 67  | 65  | 66  | 66  | <b>69</b>   | <b>69</b>   |
| Cordova City                 | 65  | 69  | 66  | 66  | 75  | 70  |
| Craig City                   | 67  | 70  | 71  | 72  | 73  | 75  |
| Delta Greely                 | 66  | 71  | 72  | 70  | 77  | 73  |
| Denali Borough               | 64  | 63  | 66  | 67  | 72  | <b>68</b>   |
| Dillingham City              | 73  | 67  | 71  | 67  | 78  | 74  |
| Fairbanks North Star Borough | 73  | 73  | 72  | 72  | 79  | 77  |
| Galena City                  | 67  | 72  | 73  | 69  | 82  | 75  |
| Haines Borough               | 67  | 66  | 67  | 68  | 76  | 73  |
| Hoonah City                  | 61  | <b>55</b>   | <b>62</b>   | 59  | <b>65</b>   | <b>67</b>   |
| Hydaburg City                | <b>46</b>   | 47  | 65  | <b>61</b>   | <b>46</b>   | <b>65</b>   |
| Iditarod Area                | <b>55</b>   | 59  | 65  | 67  | 75  | <b>69</b>   |
| Juneau Borough               | 74  | 73  | 74  | 74  | 82  | 78  |
| Kake City                    | <b>54</b>   | 57  | <b>63</b>   | 60  | <b>63</b>   | <b>62</b>   |
| Kashunamiut                  | <b>59</b>   | 58  | <b>61</b>   | 69  | 74  | 74  |
| Kenai Peninsula Borough      | 68  | 68  | 68  | 68  | 76  | 73  |
| Ketchikan Gateway Borough    | 69  | 69  | 70  | 69  | 78  | 76  |
| Klawock City                 | 63  | 61  | 69  | 65  | 74  | 70  |
| Kodiak Island Borough        | 68  | 69  | 70  | 70  | 76  | 74  |
| Kuspuk                       | 61  | 62  | 65  | 65  | 73  | <b>68</b>   |
| Lake & Peninsula Borough     | <b>55</b>   | 64  | 72  | 70  | <b>69</b>   | <b>67</b>   |
| Lower Kuskokwim              | 66  | 64  | 67  | 66  | 75  | 73  |
| Lower Yukon                  | 60  | 61  | <b>63</b>   | 62  | <b>69</b>   | <b>68</b>   |
| Matanuska Susitna Borough    | 73  | 74  | 72  | 73  | 81  | 77  |
| Nenana City                  | 69  | 69  | 75  | 74  | 75  | 76  |
| Nome City                    | 61  | 63  | <b>64</b>   | 64  | <b>68</b>   | <b>68</b>   |
| North Slope Borough          | <b>56</b>   | 57  | <b>64</b>   | 63  | <b>66</b>   | <b>65</b>   |
| Northwest Arctic Borough     | <b>55</b>   | 56  | <b>59</b>   | 58  | <b>66</b>   | <b>65</b>   |
| Pelican City                 | 62  | 61  | 69  | 68  | <b>68</b>   | <b>58</b>   |
| Petersburg City              | 69  | 69  | 68  | 69  | 74  | 75  |
| Pribilof Islands             | <b>57</b>   | 56  | <b>58</b>   | 61  | <b>62</b>   | <b>61</b>   |
| Sitka Borough                | 76  | 75  | 76  | 76  | 84  | 81  |
| Skagway City                 | <b>58</b>   | 58  | <b>62</b>   | 60  | <b>69</b>   | <b>66</b>   |
| Southeast Island             | 66  | 71  | 65  | 68  | <b>69</b>   | <b>69</b>   |
| Southwest Region             | 62  | 65  | 68  | 66  | 74  | <b>69</b>   |
| St. Mary's City              | 65  | 60  | 66  | 65  | <b>69</b>   | <b>68</b>   |
| Tanana City                  | 61  | <b>52</b>   | <b>45</b>   | 46  | <b>50</b>   | <b>47</b>   |
| Unalaska City                | 64  | 64  | 66  | <b>61</b>   | 72  | 72  |
| Valdez City                  | 69  | 68  | 70  | 68  | 77  | 74  |
| Wrangell City                | 70  | 69  | 70  | 70  | 76  | 74  |
| Yakutat City                 | 65  | 60  | <b>62</b>   | 62  | <b>69</b>   | <b>69</b>   |
| Yukon Flats                  | <b>52</b>   | 54  | <b>52</b>   | 54  | <b>57</b>   | <b>61</b>   |
| Yukon/Koyukuk                | 63  | 63  | <b>63</b>   | 64  | <b>69</b>   | <b>68</b>   |
| Yup'it                       | <b>53</b>   | 51  | <b>62</b>   | 59  | 72  | <b>63</b>   |
| Total Waivers                | 13  | 2   | 16  | 4   | 24  | 29  |

**Bold** = Waiver Requested and Approved

## SUMMARY OF PERCENTAGES BY CATEGORY

|                               |    |    |    |    |    |    |
|-------------------------------|----|----|----|----|----|----|
| Districts below 60%           | 13 | 13 | 4  | 6  | 2  | 2  |
| Districts between [60% - 65%] | 14 | 16 | 12 | 13 | 2  | 6  |
| Districts between [65% - 70%] | 18 | 13 | 21 | 22 | 20 | 21 |
| Districts at 70% and above    | 8  | 11 | 16 | 12 | 29 | 24 |
|                               | 53 | 53 | 53 | 53 | 53 | 53 |

**Education Support Services**  
**BRU Financial Summary by Component**

*All dollars in thousands*

|                                | FY2001 Actuals   |                  |                |                | FY2002 Authorized |                  |                |                | FY2003 Governor  |                  |                |                |
|--------------------------------|------------------|------------------|----------------|----------------|-------------------|------------------|----------------|----------------|------------------|------------------|----------------|----------------|
|                                | General<br>Funds | Federal<br>Funds | Other<br>Funds | Total<br>Funds | General<br>Funds  | Federal<br>Funds | Other<br>Funds | Total<br>Funds | General<br>Funds | Federal<br>Funds | Other<br>Funds | Total<br>Funds |
| <b><u>Formula</u></b>          |                  |                  |                |                |                   |                  |                |                |                  |                  |                |                |
| <b><u>Expenditures</u></b>     |                  |                  |                |                |                   |                  |                |                |                  |                  |                |                |
| None.                          |                  |                  |                |                |                   |                  |                |                |                  |                  |                |                |
| <b><u>Non-Formula</u></b>      |                  |                  |                |                |                   |                  |                |                |                  |                  |                |                |
| <b><u>Expenditures</u></b>     |                  |                  |                |                |                   |                  |                |                |                  |                  |                |                |
| Administrative Services        | 742.9            | 0.0              | 439.9          | 1,182.8        | 686.5             | 0.0              | 455.1          | 1,141.6        | 701.5            | 110.0            | 463.1          | 1,274.6        |
| Information Services           | 359.8            | 0.0              | 273.9          | 633.7          | 375.1             | 0.0              | 277.4          | 652.5          | 379.1            | 0.0              | 281.2          | 660.3          |
| District Support Services      | 1,033.6          | 0.0              | 0.0            | 1,033.6        | 1,027.6           | 0.0              | 0.0            | 1,027.6        | 1,038.2          | 0.0              | 0.0            | 1,038.2        |
| Educational Facilities Support | 0.0              | 0.0              | 622.6          | 622.6          | 0.0               | 0.0              | 688.8          | 688.8          | 0.0              | 0.0              | 695.3          | 695.3          |
| <b>Totals</b>                  | <b>2,136.3</b>   | <b>0.0</b>       | <b>1,336.4</b> | <b>3,472.7</b> | <b>2,089.2</b>    | <b>0.0</b>       | <b>1,421.3</b> | <b>3,510.5</b> | <b>2,118.8</b>   | <b>110.0</b>     | <b>1,439.6</b> | <b>3,668.4</b> |

**Education Support Services****Proposed Changes in Levels of Service for FY2003**

Federal funds are available on an ongoing basis to assist clients of vocational rehabilitation services in resolving issues. These services are provided through a contract. When the Division of Vocational Rehabilitation (DVR) was part of the Department of Education, these contractual funds were administered by the Office of the Governor. With the transfer of DVR to the Department of Labor and Workforce Development, it is no longer necessary for the Governor's Office to administer the program.

**Education Support Services****Summary of BRU Budget Changes by Component****From FY2002 Authorized to FY2003 Governor***All dollars in thousands*

|  | <u>General Funds</u> | <u>Federal Funds</u> | <u>Other Funds</u> | <u>Total Funds</u> |
|--|----------------------|----------------------|--------------------|--------------------|
| <b>FY2002 Authorized</b>   | <b>2,089.2</b>       | <b>0.0</b>           | <b>1,421.3</b>     | <b>3,510.5</b>     |
| <b>Adjustments which will continue<br/>current level of service:</b> |                      |                      |                    |                    |
| -Administrative Services   | 15.0                 | 110.0                | 8.0                | 133.0              |
| -Information Services  | 4.0                  | 0.0                  | 3.8                | 7.8                |
| -District Support Services   | 10.6                 | 0.0                  | 0.0                | 10.6               |
| -Educational Facilities Support                                      | 0.0                  | 0.0                  | 6.5                | 6.5                |
| <b>FY2003 Governor</b>   | <b>2,118.8</b>       | <b>110.0</b>         | <b>1,439.6</b>     | <b>3,668.4</b>     |